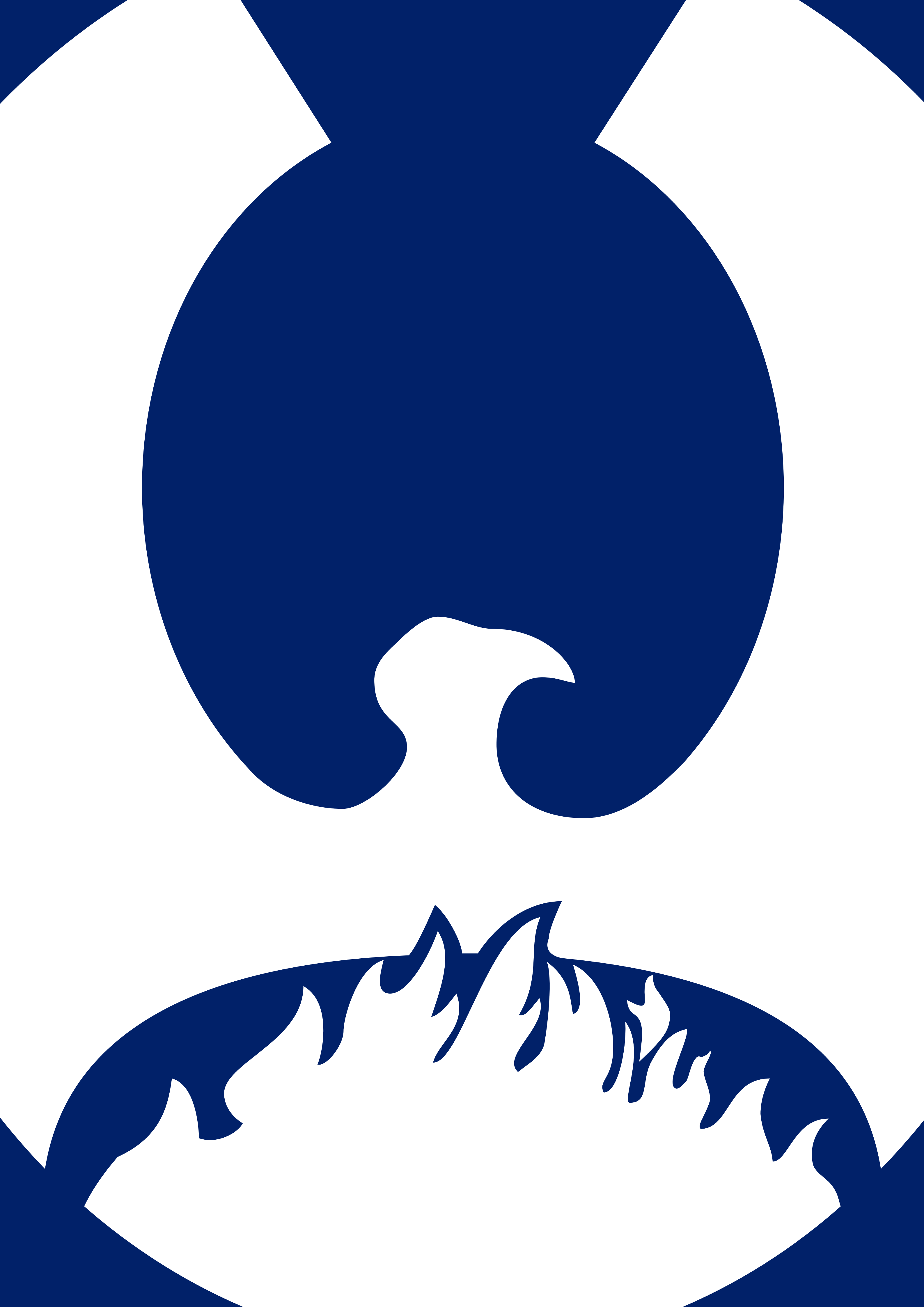
RAVEN PROPERTY GROUP LIMITED

2020 Annual Report



RAVEN PROPERTY GROUP LIMITED
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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RESULTS HIGHLIGHTS

NET OPERATING INCOME
£113.1 MILLION

UNDERLYING EARNINGS OF
£19.0 MILLION

UNREALISED FOREIGN EXCHANGE LOSSES OF
£53.7 MILLION
ON WEAKER ROUBLE

IFRS LOSS OF
£14.2 MILLION

CASH BALANCE
£53.1 MILLION

RENT RECOVERY
99%

INVESTMENT PROPERTY VALUE
RUB 112.7 BILLION

DILUTED NAV PER SHARE
40 PENCE

DISTRIBUTION PER ORDINARY SHARE FOR THE YEAR
1.25 PENCE

PORTFOLIO OCCUPANCY
94%

SECURED GEARING
56%

AVERAGE WAREHOUSE RENT
RUB 4,973
PER ANNUM PER SQM

CHAIRMAN'S MESSAGE

In a year where both personal and commercial priorities have been severely challenged, my message is one of relative good fortune.

The Covid -19 virus continues to dominate all agendas a year on from its initial impact and as explained in our half year results at the end of August, the welfare of our staff and support for tenants with cash flow issues has been foremost in our planning for the effects of the virus. The Russian government took a different tack from many other countries and after an initial lockdown in April, they have, to date, avoided a second lockdown, with a light touch quarantine approach. They implemented a mass vaccination programme in December in the hope that this will stem the impact of the second wave which hit the country at that time. They have also given less financial support to the business community than the majority of developed countries, partly because the small business and services sector is comparatively underdeveloped. This leaves their national balance sheet in a strong position.

We are fortunate that the majority of our warehouse space is used to support essential sectors such as the larger supermarket chains. This meant that our properties remained open during lockdown and demand for space in the second half of the year rebounded. The crisis has also accelerated the growth of the e-commerce sector in Russia which had lagged Western markets.

The greatest impact on our business has been the weakness of the Rouble since the pandemic hit. The oil price crash in April, the ever present threat of increased sanctions from both America and the EU, further potential threats on the Russian border as events in Belarus developed and conflict sparked between Azerbaijan and Armenia, all combined to depress the Rouble, especially in the last quarter of 2020. This also resulted in the lowest levels of foreign direct investment into Russia since 1994.

The outcome for the business in 2020 was strong underlying operating earnings and cash collection in Rouble terms but unrealised foreign exchange losses on Euro denominated debt held in our Russian subsidiaries and a significant reduction in our Sterling equivalent net asset value per share at the balance sheet date.

The executive team, with the support of our largest shareholders, has also continued strengthening the Company balance sheet with two significant achievements.

In September, the Company's convertible preference shares were re-designated to a mix of new ordinary shares and irredeemable preference shares, simplifying the balance sheet structure but also dealing with a potential refinancing and dilution risk in the future.

They also continued dialogue with Invesco for the purchase of all of their ordinary and preference shares after the original agreement struck in November 2019 lapsed because of the Covid impact. Together with a number of our existing shareholders, the team has agreed the purchase of all of Invesco's holdings in the Company, subject to formal shareholder and preference shareholder approval.

After two years of dealing with the fallout of the Woodford collapse and the knock on effect for the Invesco funds, the executive team can now focus on the growth of the business.

Including the purchase of the Woodford stake, the Company has distributed £62.5 million in share buy backs in the two years to 31 December 2020. That will increase to £115.8 million on the completion of the purchase of Invesco's ordinary and preference share holdings. A significant sum to be placed back into the market.

The Board have announced that they intend to issue a final distribution of 1.25p (2019: 2.25p) by way of a tender offer of 1 in 32 shares at 40p. This takes account of the very weak exchange rates at the present time and the proposed share buy back transaction. Once that transaction is completed, we intend to revert to the normal distribution timelines following our 2021 interim results.

We have also been dealing with a number of governance issues. In October we appointed two new independent non executive directors, Philip Swire and Russell Field. Russell takes over as Chair of the Audit Committee and he joins the Remuneration Committee. Philip joins the Nominations Committee. Michael Hough takes over as Chair of the Remuneration Committee and the role of Senior Independent Director. Our succession planning continues and we will look to appoint one further non executive director this year.

We have always taken our responsibility for our impact on social and environmental issues seriously but have perhaps not adequately reported on it in the past. In the second half of 2020 we began working with KPMG to develop a proper reporting framework, reflecting what we have achieved in this area to date and agreeing on pragmatic goals for both the short and longer term. Our progress is documented in the Corporate Governance section of this report.

I can only reiterate that our business is in a fortunate position today and that is testament to the efforts and support of our employees, shareholders and all other stakeholder groups. We look forward to a healthy and vibrant future.

Sir Richard Jewson
Chairman
14 March 2021

THE PORTFOLIO

RUSSIAN FEDERATION

Moscow

Warehouse

Office

St Petersburg

Warehouse
Office

Sever, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- X5 Retail Group
- R-Pharm
- OBI
- Miratorg
- O'Key
- Zara

GLA

254,000 sqm

LOCATION

The property is located north of Moscow city centre, 35km from the MKAD, 0.5km from the Betonka A107 motorway and 1.5km from the new Moscow-St Petersburg toll highway.

Pushkino, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- DHL
- Makita
- Megapolis
- Axioma
- Perrino
- Skladskoy Operator
- Wildberries

GLA

214,000 sqm

LOCATION

The property is located on the Yaroslavskoe Highway, approximately 15km from the MKAD in the northeastern part of Moscow Region.

Istra, Moscow

DESCRIPTION
Grade A Logistics Warehouse Complex

KEY TENANTS
- DSV Solutions
- Azbuka Vkusa
- Major Terminal
- Santens
- Bacardi
- Kerry
- Splat

GLA
206,000 sqm

LOCATION
The property is directly adjacent to the Nova Riga highway, approximately 50km from Moscow city centre, 41km from the MKAD and 8km from the Betonka A107 motorway.

Noginsk, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex with 26ha of land suitable for construction

KEY TENANTS

- X5 Retail Group
- Dixy
- Cotton Club
- ID Logistics
- UPM

GLA

203,000 sqm

LOCATION

The property is located approximately 55km from the city centre, 44km from the MKAD and 3km from the Betonka A107 motorway. Access is from the Volga highway, which links Moscow to Nizhny Novgorod. A rail spur serves the site.

Klimovsk, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

GLA

158,000 sqm

KEY TENANTS

- Kupi VIP
- Danone
- FARM
- AccordPost
- Gates
- Fischer Clinical
- Rhenus Automotive
- Sladkaya Zhizn
- Wildberries

LOCATION

The property is located to the south of Moscow, approximately 21km from the MKAD in the town of Klimovsk. The project is a short distance from the M2 Simferopolskoye highway, a major route to the south of Moscow.

Shushary, St Petersburg

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- RosLogistics
- Dixy
- Officemag Sbp
- Bbraun
- Amway

GLA

148,000 sqm

LOCATION

The property is located in the Shushary District of St. Petersburg, approximately 15km south of the city centre and 5km from the St Petersburg ring road (KAD) on a motorway linking St. Petersburg to Moscow, close to Pulkovo International airport.

Novosibirsk

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- Pepsi
- Sportmaster
- OSG
- Metro
- Oriflame
- Toyota
- FM Logistics
- Wildberries
- Ozon
- Holodilnik.ru

GLA

121,000 sqm

LOCATION

The property is located on Petukhova Street in the south of the city of Novosibirsk, close to the M51 highway to Moscow, with a rail spur serving the site.

Krekshino, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

GLA

119,000 sqm

KEY TENANTS

- Gorenje
- Simple Wines
- Diageo
- RRC.ru
- Wildberries
- Home Market

LOCATION

The property is located in Moscow about 40km to the south west of the city centre, 24km from the MKAD, between the Minsk and Kiev highways. Vnukovo airport, one of the largest airports in Moscow, is located within 15km of the complex.

Rostov-on-Don

DESCRIPTION

Grade A Logistics Warehouse Complex with 27ha of land suitable for construction

KEY TENANTS

- Auchan
- Electrosystem
- Mars
- KDV Group
- Mir Instrumenta
- Mobis Parts CIS
- Havi Logistics

GLA

102,000 sqm

LOCATION

The scheme is located on the Federal Highway M4 to Moscow, approximately 10km from the city centre and 7km from the airport.

Gorigo, St Petersburg

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- DB Schenker
- Logisan
- DNS Retail
- Major Terminal (IKEA)
- Kiilto
- Greenland

GLA

88,000 sqm

LOCATION

The property is located south of St Petersburg close to Pulkovo International Airport, just 2 km away from the Ring Road and Tallin highway, which provides easy access to the city.

Nova Riga, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex with 25ha of land suitable for construction

KEY TENANTS

- Pernod Ricard
- Maunfeld
- BGLC Group
- ORB
- Cosmopharm

GLA

68,000 sqm

LOCATION

The property is directly adjacent to the Nova Riga highway allowing easy access to the centre of Moscow, 25km from the MKAD and 5km from the Betonka A107 motorway.

Volga, Nizhny Novgorod

DESCRIPTION

Grade A warehouse complex with additional 21.5ha of land

KEY TENANT

- X5 Retail Group
- Bristol Alcohol

GLA

64,000 sqm

LOCATION

Volga Logistics Park is located on 33 ha land plot 7 km away from Nizhny Novgorod in Kstovo town. There is a direct access provided from the complex to M7 highway (Moscow-Kazan).

Lobnya, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- Nippon Express
- RosLogistics
- ProStore

GLA

52,000 sqm

LOCATION

The property is located on the Rogachevckoe highway approximately 35km to the north of the Moscow city centre, 20km from the MKAD and 10km north-east of Sheremetyevo airport.

Sholokhovo, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANT

- BVK Group
- Perspektiva
- Godovalov

GLA

45,000 sqm

LOCATION

The property is located in Myitischensky District of the Moscow Region, on the Dmitrovskoe highway, approximately 16km from the MKAD, and 15km from Sheremetyevo airport.

Pulkovo, St Petersburg

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- SKL Group
- OSG
- UPM
- Melon Fashion Group
- Holodilnik.ru

GLA

37,000 sqm

LOCATION

The property is located to the south of the city centre on Pulkovskoe highway forming part of the Finland-Russia-Ukraine corridor and in close proximity to the Ring Road (KAD) and 2km from Pulkovo International airport.

Southern, Moscow

DESCRIPTION

Grade A Logistics Warehouse Complex

KEY TENANTS

- Lindex
- A&D Rus
- L'Occitane

GLA

14,000 sqm

LOCATION

The property is located in an industrial area of the Southern administrative district of Moscow, approximately 10km from the city centre, around 1km from the Varshavskoye highway and 5km from the MKAD.

Kellermann, St Petersburg

DESCRIPTION

High quality Office Complex

KEY TENANTS

- Rive Gauche
- Baltiyskiy Leasing
- Melon Fashion Group
- Saint-Gobain

GLA

22,000 sqm

LOCATION

The property is located in historical centre of St Petersburg in Admiralteyskiy district, 15 min drive from the Nevskiy prospect.

Primium, St Petersburg

DESCRIPTION

Class A Office Complex

KEY TENANT

- YIT
- TELE 2
- Valio
- PIK Group

GLA

11,000 sqm

LOCATION

The property is located north-west of St Petersburg in Primorskiy district, close to the new Gazprom headquarters.

Konstanta, St Petersburg

DESCRIPTION

Grade B+ office building

KEY TENANT

- Lenenergo

GLA

16,000 sqm

LOCATION

The Konstanta office is located on Leninsky Prospekt in the Moskovskiy district of St. Petersburg, approximately 8km to the south of the city centre. The property is a modernised administrative building, which was converted in 2005 to provide an eight storey, self contained office building for Lenenergo.

Fountain at Manezh Square, Moscow

CHIEF EXECUTIVE'S REPORT

Dear Shareholders,

2020 has been a different and challenging year.

There is plenty written elsewhere on Covid and its impact.

Against the background of a fundamental resilience of logistics warehouses and the Russian economy we have been extremely active both in terms of managing our portfolio and our balance sheet.

During the year, leases on 310,000sqm of space have been renegotiated and extended and 289,000sqm of new leases have been signed. Occupancy has increased to 94% and over 99% of rent due has been collected.

This level of activity demonstrates the demand for logistics real estate that has been seen globally. Russian e-commerce activity has also developed rapidly during the period and still has a long way to go. This is starting to be noticed internationally, for example by the successful IPO of Ozon.

Our year end portfolio valuation is broadly flat in Roubles but does not reflect the strategic value inherent in our strong market position nor any portfolio premium which could be attributed.

During the year we have simplified our capital structure and since the year end finally sorted out the overhang of Invesco shares, subject to shareholder approval. Hopefully both these actions will benefit shareholders going forward.

Current currency rates do not allow us to distribute as much as we would have liked to, despite excellent underlying trading, but we are pleased to announce a distribution of 1.25p per share by way of a tender offer buy back of 1 in 32 shares at 40p.

We continue to focus on actively managing and improving our portfolio and its financial performance. Gradually we are becoming a wholly Rouble denominated business in terms of our leases and bank debt.

The Russian economy remains one of the strongest in the world and logistics warehousing is proving to be one of real estate's highest quality investments globally. We look forward to the future with confidence.

Glyn Hirsch
Chief Executive Officer
14 March 2021

BUSINESS MODEL

Purpose and Culture

The original purpose of incorporating 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 as an international business operating in Russia.

Our management teams promote our entrepreneurial and meritocratic spirit with integrity and openness but are also cognisant of the need to professionalise as we grow, with appropriate emphasis on the implementation and maintenance of robust internal controls and procedures.

Business Model and Strategy

Our strategy remains one 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. In our sixteen years focussing on the Russian market, there have been a limited number of competitors with an interest in logistics assets, the few who were tending to have a multi sector portfolio approach. However, with market fundamentals improving and logistics now a prime property sector globally, interest in our market is growing domestically, both as an investment asset and for vertically integrated retailers and e-commerce players.

Having built our operating and investment infrastructure and with a strong team of property, finance and legal specialists we do believe we have a competitive advantage over new entrants into the investment sector. With such an immature property investment market however, we do welcome additional players. It can 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 5.48%. The majority of our operating business is Rouble denominated, with a small number of legacy US Dollar and Euro pegged leases remaining and secured debt of Rouble and Euro denomination. We continue to move to a fully Rouble based operating model.

At the year end, US Dollar and Euro leases accounted for 11% (2019: 19%) of the Gross Lettable Area ("GLA") of our warehouse portfolio The majority of our 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 60.3% (2019: 57.6%) Rouble denominated and 39.7% (2019: 42.4%) Euro denominated. 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 56.1% loan to value (2019: 50.1%), the increase a function of foreign exchange rates rather than an increase in debt.

Our Cypriot holding company has entered into a corporate loan of €60 million since the year end, to support the acquisition of Invesco's holding of our listed instruments and this loan will have limited recourse across the property portfolio.

Our average letting size by tenant is 9,397sqm (2019: 8,722sqm). We do not have one tenant with more than 10% (2019: 9%) of our portfolio's GLA and the top ten tenants, including Roslogistics, account for 42% (2019: 43%) of our portfolio in GLA terms and 48% (2019: 49%) 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 areas; related office space; ancillary items such as parking; and "rentalised" tenant improvements on high specification space.

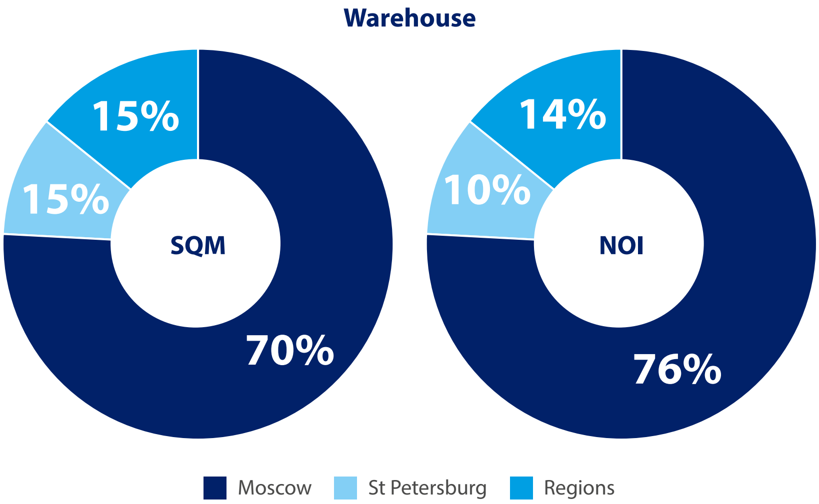
We also aim to refinance at least the equivalent of our secured debt amortisation each year, which approximates to a four year refinancing cycle for each asset.

Cash covered underlying earnings based on operating cash flows after interest, remain our key measures when determining our ordinary share distribution policy.

All of the above underpin financial targets set for the Annual Performance Incentive.

PORTFOLIO REVIEW

Geographical analysis



Although 2020 was a year with many challenges, we have been able to increase the level of occupancy by a combination of short and long term lets. Tenant demand has been strong and the logistics sector has certainly benefitted from changes in customer behaviour driven by Covid. Occupancy began the year at 90% and ended it at 94%. It has since dipped slightly to 92% as a result of the expiry of a number of large short term leases although we currently have signed letters of intent ("LOIs") on a further 2%.

Portfolio maturity profile

'000 sqm	2020	2021	2022	2023	2024-2032	Total
Maturity profile at 1 January 2020	239	317	269	270	650	**1,745**
Renegotiated and extended	(101)	(135)	(27)	(9)	(38)	**(310)**
Maturity profile of lease extensions	7	33	9	21	240	**310**
Vacated/break exercised	(170)	27	(33)	(6)	(29)	**(211)**
New lettings	25	117	2	1	144	**289**
Maturity profile at 31 December 2020	**-**	**359**	**220**	**277**	**967**	**1,823**

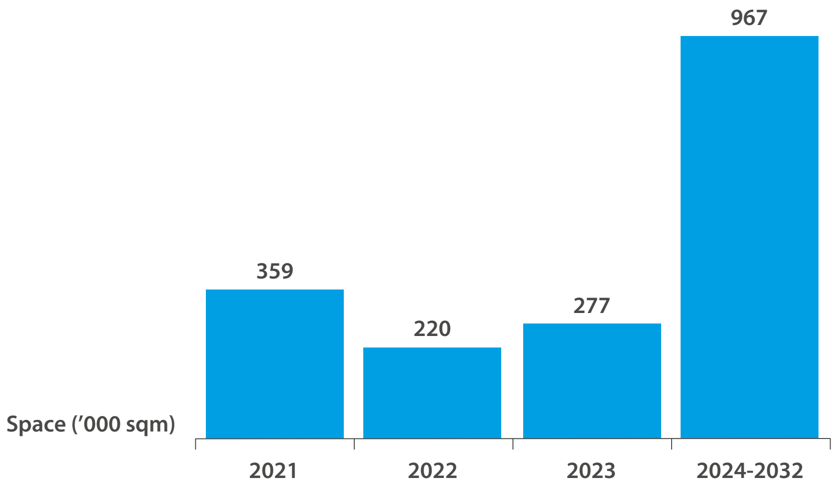
Our asset management team worked very closely with our tenants during the initial weeks of the Covid crisis to ensure operations could continue in a safe and secure manner and in compliance with the changing regulations in each city. We also faced numerous requests from occupiers facing cash flow difficulties and negotiated client specific concessions, including discounts and deferrals, to aid the worst affected businesses through the crisis. It is a testament to the quality of our diverse client base and our methodical approach to leasing, that during the year we collected over 99% of rent due.

309,500sqm of existing leases have been renegotiated and extended in the financial year and 288,800sqm of new leases signed. Significant new lettings include 80,160sqm to Wildberries, 30,060sqm to RVI (X5), 18,470sqm to Sladkaya Zhizn and 10,630sqm to Saks. A number of major tenants have also increased their space with us including Skladskoy Operator taking an extra 12,130sqm and Gorenje an additional 7,970sqm.

Space vacated on maturity, breaks exercised and early terminations totalled 211,400sqm during the year. Vacant warehouse space at the year end totalled 120,000sqm and the office portfolio had only 1,200sqm of vacancy. There are potential breaks in the portfolio of 200,000sqm in 2021 and 109,000sqm in 2022. We do not expect any of these tenants to exercise their breaks in either year.

Since the year end we have signed a further 100,800sqm of deals of which 90,100sqm were new lettings and 10,700sqm were renewals or extensions. We currently have 29,000sqm of LOIs for renewals, extensions or expansions and 29,800sqm for new lettings.

Lease Expiries at 31 December 2020

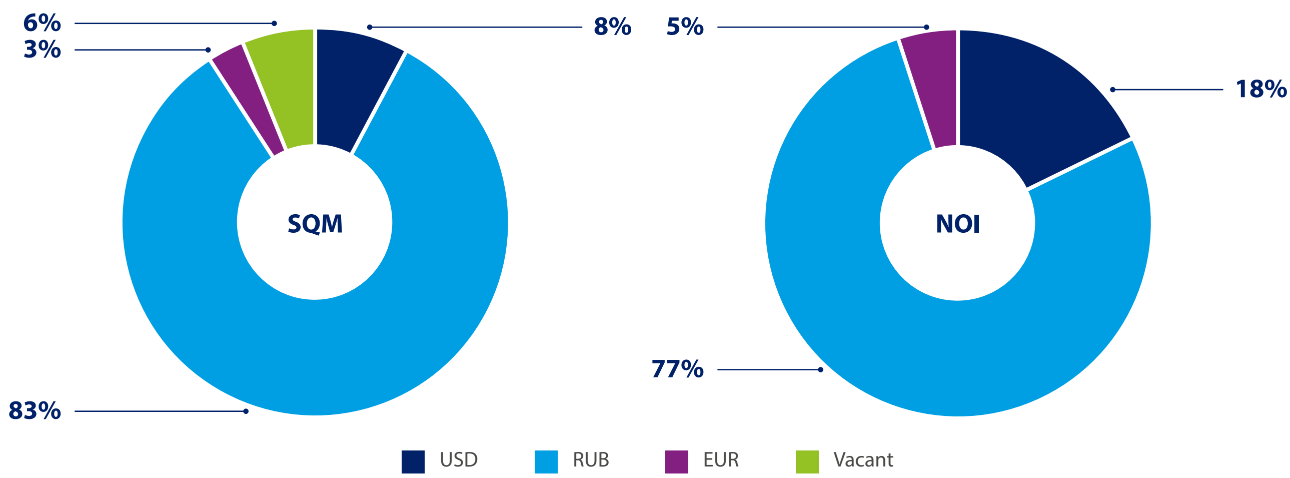


Our leasing strategy focusses on maintaining high occupancy with high quality tenants for the long term whilst keeping a diversified tenant mix across sectors and business types. If short term lets enable us to minimise voids then we will secure these too. We also target tenants who require significant capital investment into their premises and seek to "rentalise" these improvements over the term of the lease, creating enhanced returns. Recent lettings with Mars and RVI (X5), demonstrate our success in this respect. The growth of the e-commerce activities of our tenants is also providing an opportunity to invest in higher specification fit-outs including specialised racking.

We continue to invest in and improve the portfolio in an energy efficient and sustainable way, more details of which are contained in our environmental report.

At the year end, 8% (2019 16%) of our warehouse GLA was occupied under US Dollar denominated leases with an average warehouse rental level of $177 per sqm (2019: $158 per sqm) and a weighted average term to maturity of 2.1 years (2019: 1.9 years). Rouble denominated leases account for 83% (2019: 71%) of our total warehouse space with an average warehouse rent of Roubles 4,973 per sqm (2019: 4,922 per sqm) and weighted average term to maturity of 4.1 years (2019: 4.1 years). Rouble leases have an average minimum annual indexation of 5.6% (2019: 5.7%). Euro denominated leases account for 3% (2019: 3%) of our total warehouse space with an average warehouse rent of Euro 130 per sqm (2019: Euro 126 per sqm) and weighted average term to maturity of 0.4 years (2019: 1.4 years).

Currency exposure of warehouse leases

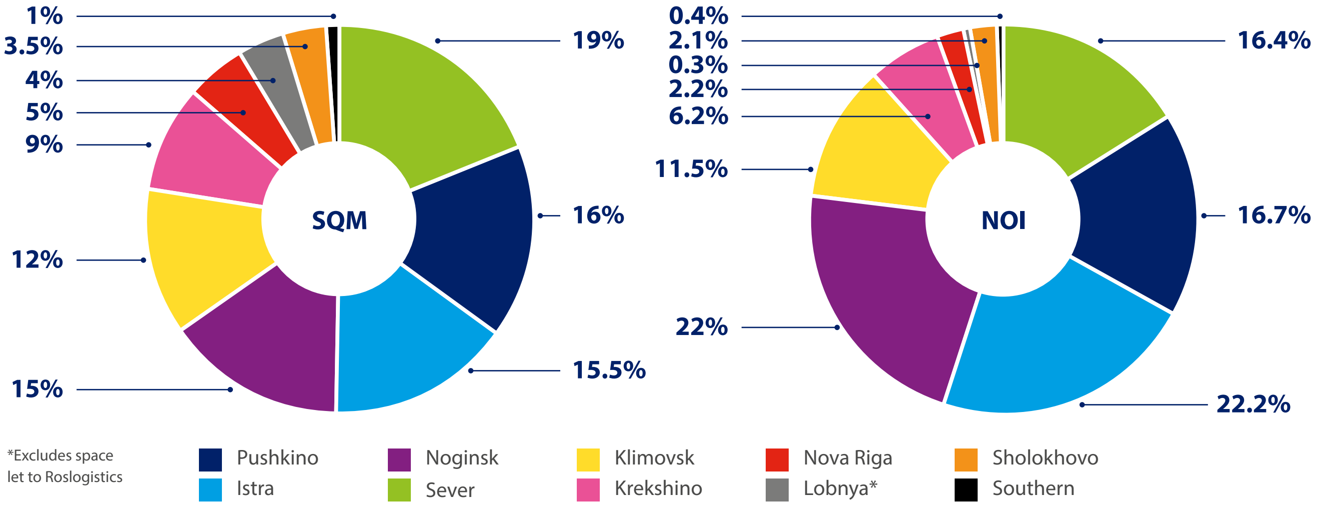


Investment Portfolio

Warehouse portfolio

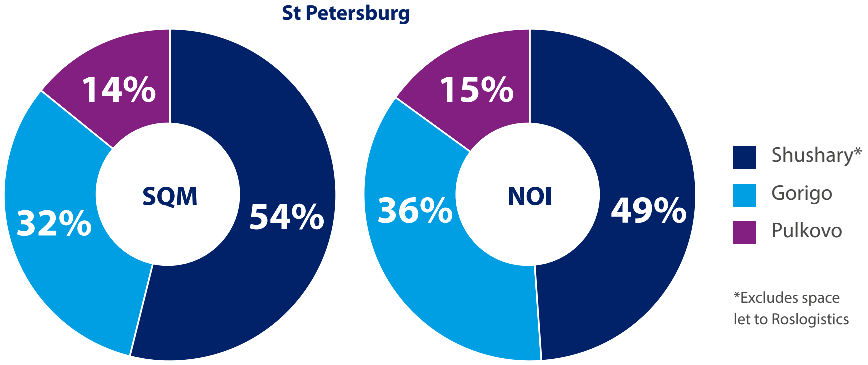
Moscow

We have ten warehouse projects in Moscow totalling 1.3 million sqm.

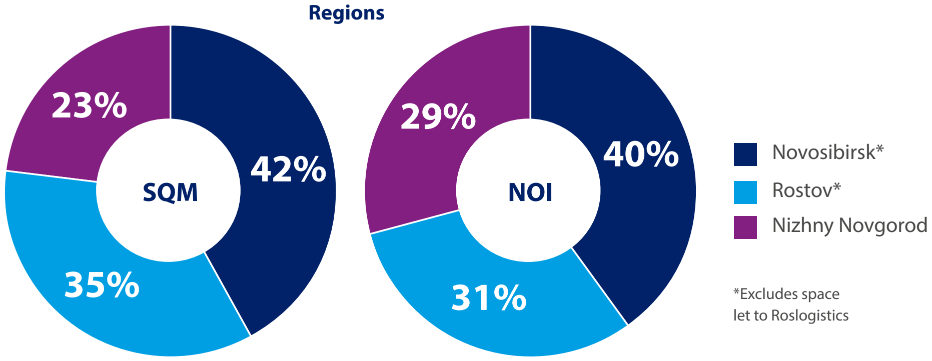


Occupancy in Moscow year on year improved to 92% (87%) despite Itella releasing 66,300sqm at Pushkino in the summer. In the first quarter we took a decision to lease almost 72,700sqm of newly vacated space at Pushkino and Krekshino to Wildberries, the largest e-commerce operator in Russia, on a number of short term leases. This provided income through the first phase of the pandemic and Wildberries have only recently relocated into their newly constructed, purpose built warehouse. Elsewhere in Moscow, X5, our largest tenant and the biggest food retailer in Russia, renewed their lease on 75,700sqm at Noginsk until 2031 and took an additional 30,100sqm at the same property with us, investing circa R460 million to enhance the specification in return for a higher rent, underpinning the value of the asset for many years to come. Makita renewed their lease on 27,200sqm at Pushkino for a further five years and Azbuka renewed and extended their commitment at Istra on 30,300sqm until 2031.

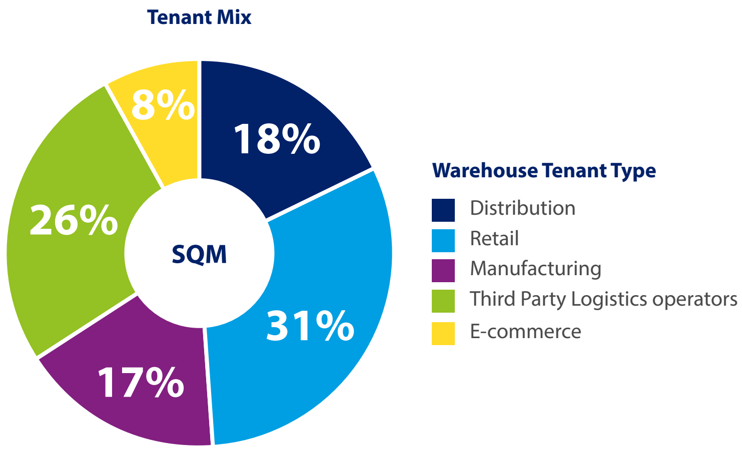
St Petersburg



Regions



Warehouse occupancy in the regional markets of St Petersburg, Rostov and Novosibirsk has remained strong and we have even encountered situations where existing tenants have wanted the same space for expansion purposes. This has helped push rents up in specific instances. Notable successes include the expansion of Mars in Rostov into a further 4,000sqm with an enhanced specification and rent and Sportmaster renewing and expanding into 14,000sqm in Novosibirsk.

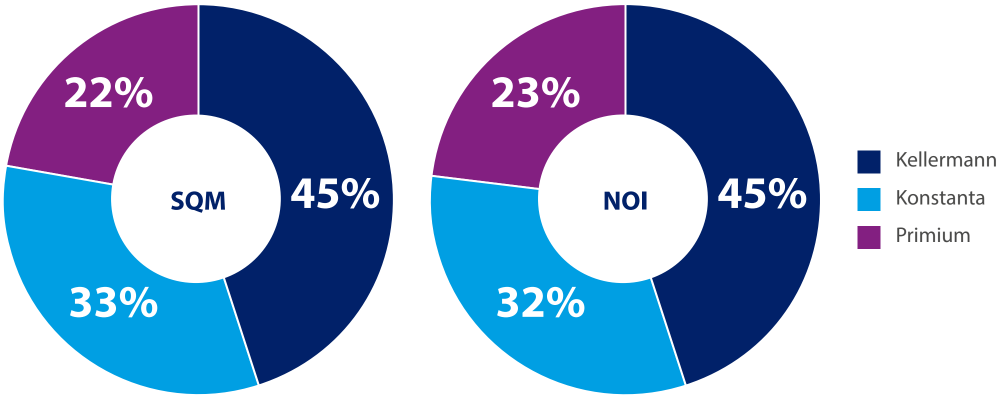


Our tenant mix has remained diverse during the year. The proportion of space leased to e-commerce companies increased to 8% at the year end, although many of our other tenants are also utilising our warehouses to service online demand. The influence of e-commerce on the letting market still remains small compared to other European markets but it is continuing to grow significantly year on year.

Office portfolio

St Petersburg

As with virtually all major cities, the St Petersburg Government has encouraged people to work from home where possible. Despite this, we have not seen any meaningful drop off in demand at our properties and rents are unchanged. Occupancy at Constanta and Premium has not changed year on year and both properties are fully let. At Kellermann, which is multi let to over 29 tenants, we have seen 3,600sqm of expiries during the year and 16,130sqm of new lettings and renewals, resulting in a significant growth in occupancy there, from 87% at the beginning of the year to 95% at the year end.



Portfolio yields

Warehouse	Moscow (%)	St Petersburg (%)	Regions (%)
2019	10.80 - 12.10	12.10 - 12.30	11.80 - 12.30
2020	8.50 - 11.70	12.20 - 12.30	10.75 - 12.20

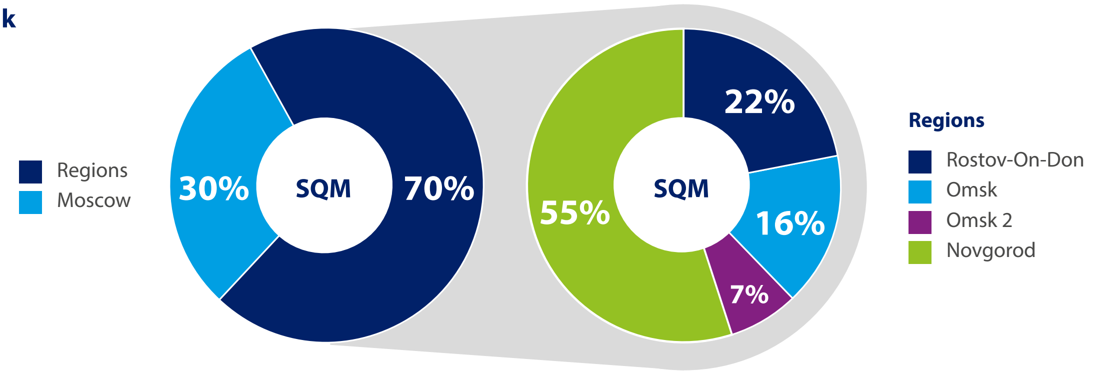
Office	Moscow (%)	St Petersburg (%)	Regions (%)
2019	–	11.75 - 12.00	–
2020	–	11.75 - 12.00	–

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 £1.13 billion (see notes 11 & 12 to the financial statements). In Rouble terms, the value of the properties has increased by 0.5% year on year but following capital expenditure of £12.2 million, a loss on revaluation of £7.9 million results.

JLL reduced both the cap and discount rate inputs during the second half of the year by 25 basis points, reflecting the improving market, falling Central Bank of Russia ("CBR") key interest rates and other 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 was busier than expected in 2020 and demand for logistics properties has increased in Moscow as elsewhere in the globe. When bidding for new acquisitions we have seen strong competition from local buyers. JLL estimate the total value of investment transactions across all sectors increased slightly to $4.2 billion.

Land Bank



We are in the process of renewing our construction permits at Noginsk, Rostov, and Nizhny Novgorod. Once renewed, along with Nova Riga where we can build 72,000sqm, we would have the capacity to add almost 400,000sqm subject to prelets.

The Market

Despite the impact of Covid, in Moscow where we hold 70.5% of our warehouse portfolio, demand has remained strong and market vacancy has reduced further to circa 3%. The total stock of Grade A warehouse space is approximately 15 million sqm and take up during the year was about 2 million sqm. Vacant space is therefore the equivalent of only 3 or 4 month's supply. Although demand has been strong and vacancy reducing, rents have not grown as fast as we had expected and this has held back valuations despite an improving backdrop of lower CBR key interest rates and the increasing appetite of local investors. Currently, average rents in Moscow and the Moscow region are R4,100 per sqm. There remain variations in different sub markets, with the range of rents being from R3,900 to R4,200 per sqm. In St Petersburg, driven by a lack of supply, we are now seeing R4,200 to R4,300 per sqm and in our three regional hubs of Rostov, Novosibirsk and Nizhny Novgorod rental levels are broadly the same as in Moscow.

800,000sqm of warehouse space was delivered in 2020, approximately 30% lower than 2019 according to JLL. Over 80% of new supply was either build to suit or pre leased prior to completion. Take-up amounted to 2 million sqm which was the driving factor in reducing vacancy. Demand was strongest from the retail, distribution and manufacturing sectors which accounted for 25%, 12% and 16% respectively. However, e-commerce companies continued to expand, and their share of take up increased to 36%, driven by a number of exceptionally large build to suit deals, including Vse Intrumenti taking 182,000sqm and Ozon 154,000sqm in the Moscow region.

In 2021 it is estimated that a further 1.3 million sqm will be delivered and take up will be circa 1.4 million sqm, which should hold the vacancy rate at very low levels. Of the space under construction about 900,000sqm, or 69%, is already pre committed as build to suit for lease or sale, leaving only 400,000sqm of speculative space coming to the market.

On the construction side, inflationary pressures are prevalent, caused by a reduction in the labour force and an increase in the cost of steel. There has been a wholesale reduction in the labour force as a result of Covid, lockdowns and the closing of Russia's international borders. Many temporary construction workers have returned to their homes in the former CIS countries as a consequence of the lack of employment in the middle of 2020 and are either unwilling or unable to return as yet. The cost of steel is reported to have risen 40% in the last 12 months. Coupled with the weakness of the Rouble driving cost increases for imported materials, we estimate the cost of constructing a Grade A warehouse has risen by at least 15% over the past year.

The low vacancy rate, lack of new supply and increased construction costs certainly create classic conditions for rental growth. Whilst this could be tempered by a general slowdown in the economy, our sector seems ideally set to benefit from an accelerated structural shift driven by e-commerce and we see all the major retailers developing their strategies to reflect this. On a comparative European measure, rents are very low and for the majority of end users, form a very small percentage of their total cost base. We anticipate rents rising to R4,500 per sqm during the year, and growth continuing thereafter.

Investment volumes in the year increased to $4.2 billion, with 75% of this in Moscow. The majority of deals were funded by Russian capital, and almost 20% of the total capital, or $766 million, went into the warehouse sector. JLL predict prime yields in the range of 10.00-11.50% for Moscow warehouses, a reduction of 50bps. 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 2020, if the opportunity to complete the purchase of Invesco's shares had not arisen.

The first two months of 2021 have been extremely busy and tenant demand sees no sign of abating. Since the year end 119,000sqm of leases have expired but we have signed 90,100sqm of new lettings, including two deals in excess of 20,000sqm. The past twelve months have proved how hard it is to predict the future, but with high occupancy, exceptional levels of rent collection and a sector on the up there are many reasons to be confident.

FINANCE REVIEW

The results for the year reflect strong underlying trading as we have been fortunate to operate in a sector that supports essential retail supply chains and the growing e-commerce sector in Russia. The greatest impact of the pandemic on our business was the downward pressure on oil prices following the first wave of infection, one of a number of reasons that has produced the weakest Rouble exchange rates in any year since our incorporation. In reading what follows, the fact that the average Sterling/Rouble exchange rate in 2020 was 92.57 (2019: 82.63) and the closing rate at 31 December 2020 was 100.04 (31 December 2019: 81.15) has significant bearing on the presentation of our Sterling results. It is also worth repeating the summary of the influence of foreign exchange on our results given in our Interim Report for 2020:

Income Statement

- In the income statement, Rouble weakness causes an increased cost in the servicing of our Euro denominated debt and Sterling preference shares relative to our Rouble income and an unrealised foreign exchange movement on the translation of balance sheet Euro debt in our Russian property owning subsidiaries with functional Rouble currency; and
- On the translation to Sterling presentation currency, a reduction in the Sterling equivalent of our Rouble income offset by a reduction in the Sterling equivalent of 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 net debt, generating an exchange movement through our balance sheet reserves and volatility in our Sterling net asset value per share.

The culmination for the 2020 balance sheet is a reduction in net assets of £200 million relating to the foreign exchange conversion of balances at 31 December 2020.

European Public Real Estate Association (“EPRA”) Guidelines

Following the changes to EPRA’s guidelines in late 2019, their performance measures now align with the alternative, non-IFRS measures, we report. That allows us, for the first time, to present EPRA measures. We trust that this helps give greater clarity and comparability in the presentation of our results.

Other Alternative Performance Measures

In assessing our ability to make covered distributions we refer to both underlying earnings before unrealised foreign exchange movements and to operating cash flows after interest and where we use alternative performance measures these are reconciled to IFRS results in note 9 to the accounts.

Income Statement

Underlying Earnings (Adjusted non IFRS measure)	**2020** £'000	**2019** £'000
Net rental and related income	113,090	126,504
Administrative expenses	(23,120)	(23,130)
Share based payments	557	(4,927)
Foreign exchange (losses)/profits	(53,675)	27,462
Share of (losses)/profits of joint ventures	(127)	792
Operating profit	36,725	126,701
Net finance charge	(62,186)	(72,966)
Underlying (loss)/profit before tax	(25,461)	53,735
Tax	(9,247)	(10,510)
Underlying (loss)/profit after tax	**(34,708)**	**43,225**
Underlying profit before foreign exchange (losses)/gains	18,967	15,763

The currency profile of our underlying leases is now predominately Rouble with only 11% of our portfolio US Dollar or Euro denominated (2019: 19%). These maturing currency pegged leases continue a step down in our underlying Rouble income as rents revert to market levels. In Rouble terms, our net rental and related income dropped 4.3% in the year. The remainder of the 10.6% drop in Sterling equivalent income is a factor of the weaker Rouble average exchange rates. As explained below, this is somewhat offset by a lower Sterling equivalent of Rouble costs and the falling Central Bank of Russia ("CBR") key interest rate. Underlying earnings before unrealised foreign exchange movements of £19.0 million (2019: £15.8 million) demonstrates the result of the compensating effects.

Underlying Administrative Expenses

Underlying administrative expenses reduce due to a number of factors. The weaker Rouble exchange rate and lower costs following the introduction of precautionary Covid measures, such as working from home and the suspension of all non essential travel, including international travel, first implemented in March 2020. Legal and professional costs decrease following the release of over accruals in the prior year and lower marketing costs. IT and communication costs increase with remote working and the implementation of a number of IT initiatives to improve efficiency, especially around document management systems. The 2019 results also included the expense for two years of bonus provisions, increasing the comparative cost.

Administrative costs for 2020 include a charge of £2.8 million in settlement of a vexatious claim brought against one of our Russian subsidiaries by the receiver of a tenant who declared bankruptcy in 2018. We are pursuing all possible appeal routes but have taken the prudent approach of recognising the cost given the uncertain nature of the Russian court process.

Underlying Net Finance Charge

As the proportion of Rouble denominated debt facilities continued to increase in the year (see the debt section below) the corresponding increase in Rouble cost gives a positive impact on translation to Sterling. The CBR's dovish approach over the last two years has seen the key rate drop from 7.75% on 1 January 2019 to 4.25% today, reducing the underlying Rouble cost.

Foreign Exchange

The foreign exchange loss in our income statement of £53.7 million (2019: profit £27.5 million) principally relates to the translation of Euro debt on the balance sheets of our Russian subsidiaries at the weaker year end Rouble exchange rate.

IFRS Earnings	2020 £'000	2019 £'000
Net rental and related income	113,090	126,504
Administrative expenses	(24,695)	(25,433)
Share based payments and other long term incentives	(1,222)	(5,468)
Foreign exchange (losses)/profits	(53,675)	27,462
Share of (loss)/profit of joint ventures	(127)	792
Profit on disposal of joint ventures	–	490
Operating profit	33,371	124,347
(Loss)/profit on revaluation	(5,554)	48,271
Gain on re-designation of convertible preference shares	45,748	–
Net finance charge	(72,589)	(107,559)
IFRS profit before tax	976	65,059
Tax	(15,133)	(19,041)
IFRS (loss)/profit after tax	**(14,157)**	**46,018**

The main differences between underlying earnings and IFRS earnings in the year relate to the profit on the re-designation of the convertible preference shares, the revaluation movement on our investment properties and the mark to market of interest rate derivatives. On the latter, 2019 included a large write down on the carrying value of our CBR interest rate caps as the underlying key rate fell.

The charge for share based payments in the year includes a provision for the Five Year Performance Plan currently in place offset by the release of part of the provision made in 2019 for the Annual Performance Incentive.

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 new ordinary and preference shares. On 30 September 2020, 121,046,403 new ordinary shares and 115,913,610 new preference shares were admitted to trading and the Company's convertible preference shares ceased to exist. The profit of £45.8 million reflected in our income statement represents the difference between the carrying value of the convertible preference shares on the balance sheet as at 30 September 2020 and the fair value of the new ordinary and preference shares issued on the re-designation.

Taxation

The group tax charge reduces in the year following a drop in the deferred tax charge on asset revaluations and a reduction in tax provisions.

Following the change in the double tax treaty between Russia and Cyprus which applies from 1 January 2021 we do expect an increase in withholding tax payments going forward.

EPRA Cost Measures

The calculation of EPRA cost measures are set out in the supplementary information given in the notes to the financial statements. This ratio compares the costs of running the Group's investment property portfolio with the income generated. The EPRA cost ratio has reduced to 22.1% in 2020 from 24.8% in 2019. Excluding share based payments, the ratios reduce to 21.0% for 2020 compared to 20.3% in 2019. Other than the impact caused by share based payments, the small increase reflects the fall in rental income year on year and the one off charge for the legal claim in 2020.

Investment Properties

Investment Properties and Investment Properties under Construction	2020 £m	2019 £m
Investment properties	1,090	1,338
Investment properties under Construction	27	34
	1,117	**1,372**

There was no significant change in the underlying Rouble valuation of our investment properties year on year but following capital expenditure of £12.2 million and accounting for lease incentives and head leases, a revaluation loss of £5.6 million (2019: gain of £48.3 million) is recognised in our income statement. As explained earlier, we do have a foreign exchange loss of £263.0 million (2019: gain of £108.8 million) on translation of the investment properties to Sterling, which is recognised in our translation reserve.

Debtors and Creditors

Debtors	2020 £'000	2019 £'000
Other receivables (non current)	2,874	3,414
Derivative financial instruments	2,541	2,621
Trade and other receivables	30,947	41,595

The largest movements in current trade and other receivable balances relate to: the weaker Rouble reducing the Sterling equivalent of balances by circa £4.3 million; a reduction in rental debtors of £1.9 million as foreign currency leases are renegotiated; the receipt of £3.0 million of deferred consideration on the sale of the Coln joint venture; and the release of cash deposits of £3.0 million.

Creditors	2020 £'000	2019 £'000
Trade and other payables	39,189	51,691
Other payables (non current)	15,255	18,623

Current trade and other payable balances are reduced by: weak foreign exchange of £6.8 million; share based accruals reducing by £1.0 million; rent deposits by £1.9 million; and tax and related provisions by £3.5 million. Property capital expenditure creditors increase in relation to on going tenant fit-outs. Foreign currency movements also account for the majority of the reduction in non current payables.

Cash and Debt

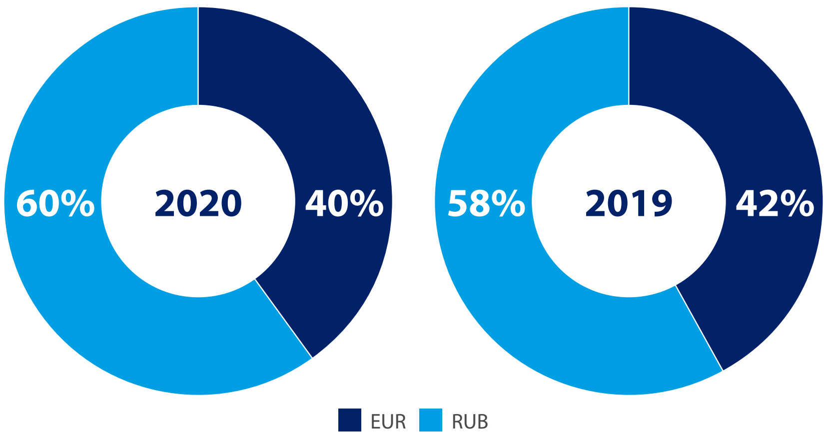
Cash Flow Summary	2020 £'000	2019 £'000
Net cash generated from operating activities	77,649	93,100
Net cash used in investing activities	(9,909)	(16,196)
Net cash used in financing activities	(70,087)	(80,062)
Net decrease in cash and cash equivalents	(2,347)	(3,158)
Effect of foreign exchange rate changes	(12,669)	(2,154)
Decrease in cash	(15,016)	(5,312)
Closing cash and cash equivalents	**53,122**	**68,138**

The impact of foreign exchange again looms large on our cash flows and year end cash balance. Operating cash flows in Sterling terms reduce on the weaker average Rouble exchange rate as does the year end exchange rate on our Sterling equivalent cash balance.

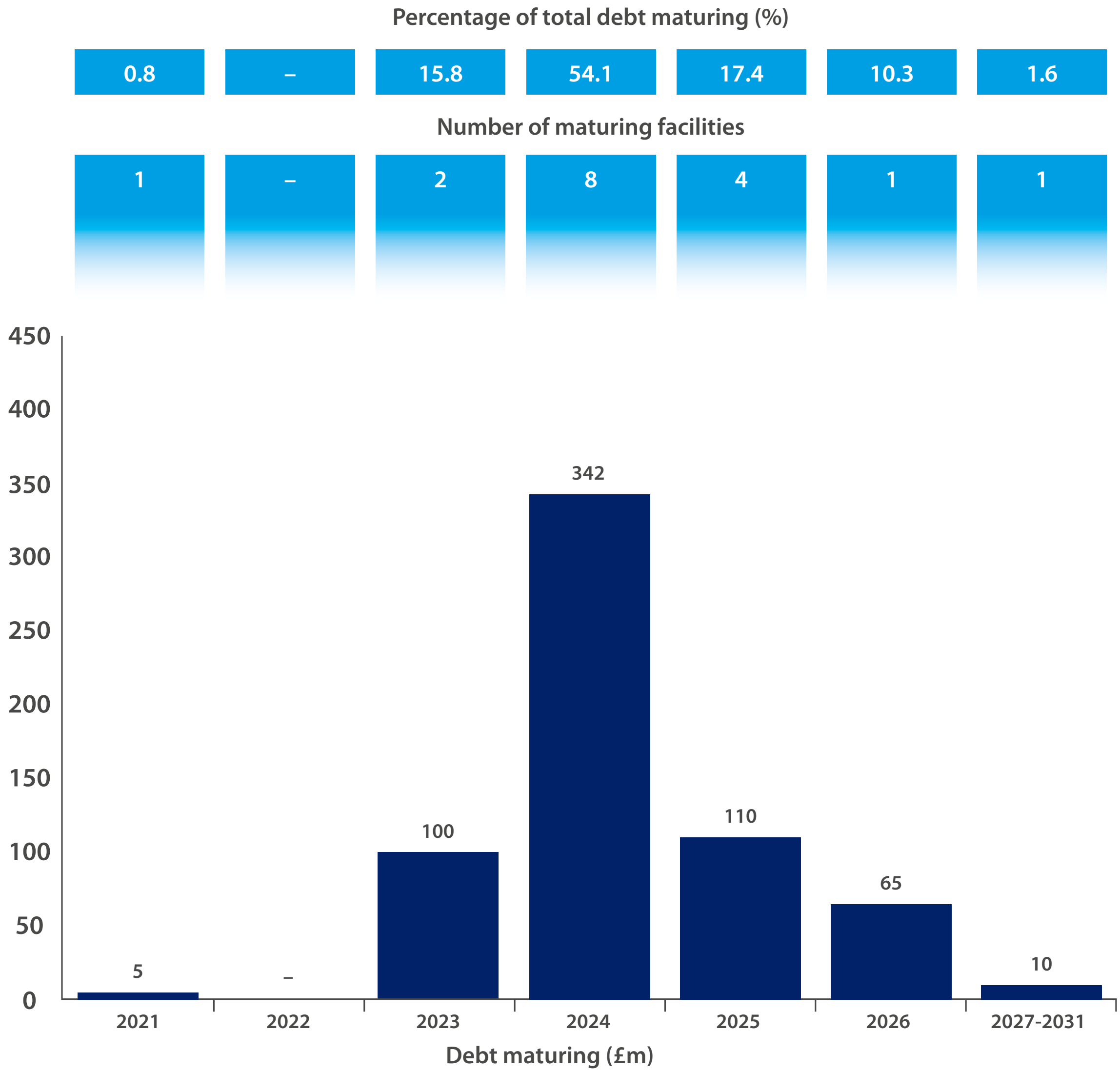
Refinancing activity in the year, generating £38.6 million, matched our debt amortisation and cash used in investing activities. The net cash generated from operating activities was then sufficient to cover interest and preference share costs and the tender offer distribution made to ordinary shareholders.

Bank Debt	2020 £m	2019 £m
Fixed rate debt	5	–
Debt hedged with caps	561	545
	566	545
Unhedged debt	66	145
	632	690
Unamortised loan origination costs and accrued interest	(5)	(7)
Total debt	**627**	**683**
Weighted average cost of debt	5.48%	6.52%
Weighted average term to maturity	4.1	4.7

The currency profile of secured debt at 31 December 2020 was:



The debt maturity profile at the year end is:



There are four (2019: five) Euro denominated facilities totalling €113.0 million (2019: €126.1 million), five (2019: one) solely Rouble denominated facilities and eight (2019: 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 remains our intention to convert the Euro only facilities into a Rouble or Rouble/Euro mix, continuing to increase our Rouble debt weighting. At the year end, Rouble debt accounted for 60.3% (2019: 57.6%) of secured facilities and Euro 39.7% (2019: 42.4%).

The weighted average cost of debt reduced to 5.48% during the year (2019: 6.52%) as CBR rates fell. The majority of our facilities are hedged with interest rate caps over the term of the loan.

Net Asset Value

IFRS diluted net asset value per share has decreased from 75p at 31 December 2019 to 40p at 31 December 2020, principally due to the weak year end Rouble exchange rate. EPRA net asset values are included in the supplementary information to the notes to the financial statements. Both EPRA NRV and NTA drop to 49.3p from 82.9p. EPRA NDV is 41.7p (2019: 71.1p). It is worth noting that, in calculating the EPRA measures, the Russian market does not have a real estate transfer tax, such as stamp duty.

Subsidiaries

In December 2019 Raven Mount completed on the sale of our share in the Coln Park joint venture for a total consideration of £7 million. £4 million was received in December 2019 with the £3 million balance paid in December 2020.

Roslogistics has continued to trade at a similar level to 2019.

ENVIRONMENTAL AND SOCIAL REPORT

Chairman's introduction

Over the past 15 years we have established a position as the market leader in the warehouse sector built on a solid foundation of shareholder support, the relationships we have with our tenants, banks and of course, our employees. The entrepreneurial spirit which took us to Russia in 2005 is alive and well, and our people have allowed us to overcome the many challenges we have faced this year. We have taken a number of steps in 2020 to improve our environmental credentials and foster closer relationships with key stakeholders within the business and in the local communities in which we operate. These are highlighted in the Environment and Social Report below.

This Environmental and Social Report includes details of projects which the Group has worked on in 2020, illustrated by case studies where appropriate.

Key highlights and achievements include:

1. Transferring the electrical supply in our Noginsk warehouse to RusHydro, resulting in at least 25% of electricity consumed being generated from renewable sources;
2. Ongoing progress in establishing a solar farm at our Rostov site;
3. Scope 1 Green House Gas emissions decrease by 30% in the year;
4. Increased awareness of employee wellbeing, working practices and conditions throughout the Covid pandemic; and
5. During 2020, the Group invested £51,089 in supporting various causes including national and local charities and the sponsorship of local community cultural and sport activities.

The Board is committed to making a positive contribution to environmental, social and governance (ESG) issues in the jurisdictions in which we operate. This report explains our progress to date together with short and medium term goals for developing our vision for a sustainable business in which our stakeholders can be proud to be involved.

ESG has become an increasing focus for our stakeholders in recent years and in the past we have perhaps not shared the extent of our work in these areas in as much detail as we could.

Unlike Europe, where ESG matters have been headline news and of increasing importance to investors, the situation in Russia is less advanced. In fact, Russia only ratified the Paris agreement on climate change in 2019 and published its draft long term climate targets in 2020. Currently, there are little or no government backed incentives or initiatives to encourage investment in sustainability. We have engaged with our international tenants for a number of years on sustainability issues but we are now also seeing positive feedback from domestic tenants on ESG initiatives, demonstrating a shift in expectations across our tenant base and the market as a whole.

The Group established an ESG sub committee during the year and it engaged KPMG to provide a comprehensive review of the Group's ESG activities. The Group is now working through KPMG's recommendations including the development of short and medium term goals and the integration of ESG principles into all aspects of our business. Over the coming year we will be working to develop our Task Force on Climate-Related Financial Disclosures ("TCFD") framework with a view to reporting on those metrics in our 2021 Annual Report.

We will seek to play a leading role in promoting sustainability in the real estate sector in Russia and have already proposed and sponsor a new award, the Green Brick, for the 2021 Commercial Real Estate ("CRE") awards in Moscow in April. The aim of the award is to create awareness of environmental and sustainability issues in the real estate environment and promote increased understanding of the need to incorporate measures into the design, operation and use of commercial property in Russia.

GREEN BUILDING COUNCIL RUSSIA

Environmental Report

Environmental Strategy

As a landlord in Russia, with an established income producing portfolio, the greatest environmental impact of our business results from the operation and use of our properties. Primarily this means the energy used to heat and light the buildings. Although we may have control and influence over environmental considerations within our own office environments, during the warehouse development phase and also when upgrading our assets, we have limited control over power usage by the end users at our sites. Further constraints include the limited availability of renewable energy sources and the complications in changing electrical provider in Russia, both of which we have been working to overcome as explained below.

Our environmental strategy is, primarily, to drive improvements within the portfolio to reduce energy consumption and to lead the discussion with our tenants, contractors and suppliers on how best we can co-operate with them to reduce our combined environmental footprint. We also have a position of influence within the real estate sector and will use that to promote dialogue and understanding of sustainability with our peers and competitors.

However, our environmental strategy must take account of the limitations of operating in Russia, including its climate, infrastructure, planning laws and the type of property that we own. If our warehouses were located in a more temperate climate, the use of solar panels would be a given. In most regions of Russia that is simply not an option, given the amount of snow that falls in the winter months and the need to remove this from the buildings to avoid excessive loading on roofs. As primarily an oil and gas focused economy, Russia is somewhat behind European markets on the adoption of renewables and other environmental initiatives however, we are working with our stakeholders to drive change where we can.

The table below sets out current activities to reduce our impact on the environment and the initiatives we intend to implement in the short to medium term.

Portfolio Level Activities

Portfolio Level Activities and Goals		
Areas of focus	**Current achievements**	**Short and Medium term goals**
Change of electricity supplier to renewables	Noginsk warehouse (203,000sqm) 11% of the portfolio, moved to hydro electricity within the last year. For further detail, see Case Study 2.	We will continue to move providers of electricity to renewables where supply is available. We aim to move a further one million sqm (53% of the portfolio) to renewable sources in the next 12 months.
Solar	We have finalised the design and selected a contractor to install a 1MW solar farm at our Rostov project. We expect to be on site installing the first 0.5MW in the next month and generating electricity by early summer. For further detail, see Case Study 1.	To complete the installation of the first 0.5MW and subject to satisfactory performance, to add an additional 0.5MW.
Installation of more efficient LED lighting across the portfolio	We have energy efficient lighting across 950,000sqm (50%) of the warehouse portfolio. It is estimated that lighting accounts for 80% of power consumption in dry warehouse and 40% in cold storage. In certain warehouses we have also installed movement sensors to ensure lights are only active when required. The LED lighting installed will reduce energy consumption on lighting by up to 50% and also offer an improved level of light for warehouse operations.	Where necessary to replace lighting across the remaining warehouse portfolio. We are targeting to replace the lighting in a further 500,000sqm (27% of the portfolio) over the next 5 years.

Portfolio Level Activities and Goals continued		
Areas of focus	**Current achievements**	**Short and Medium term goals**
Replacement of roof membranes for improved thermal efficiency	We have replaced 170,000sqm (9%) of warehouse roof membranes. This will reduce energy consumption when controlling temperature at the buildings.	Where necessary to replace the roof membranes across the remaining portfolio. We are targeting a further 600,000sqm (30% of the portfolio) to be replaced over the next 5 years.
Changes to water treatment	The water treatment plant at our Rostov site has been upgraded, increasing the quality of discharged water. Connection of the Krekshino site to the public sewage grid is almost complete, a solution which will enhance treatment capability and improve the quality of discharged water.	We will continue to upgrade our water and sewage infrastructure to improve the quality of waste water we discharge, where this is necessary.
Landlord fit out equipment	Working with our tenants we regularly improve our properties as mentioned in the property review. We are placing an increased focus on achieving energy efficient and sustainable solutions in the works we undertake.	Continue to work with tenants to improve the environmental impact of installed equipment not just limited to energy consumption but also useful life span and end of life recycling and waste management.
Recycling of waste	Working with our tenants as well as in our own offices on solutions for the recycling of plastics and paper.	To work with local stakeholders to drive recycling rates up across our portfolio.
GRESB	During the latter part of the year we instructed a Global Real Estate Sustainability Benchmark (GRESB) gap analysis to assess the Group and understand what potential rating could be achieved should a submission be made in the future.	We are currently working with our advisors to finalise this initial report and agree any recommended courses of action so that we can consider making a submission early in 2022.
BREEAM	We are reviewing the portfolio's accreditation to the Building Research Establishment Environmental Assessment Method (BREEAM) In-Use.	We currently have two warehouses already rated which represent 104,000sqm or 6% of the portfolio. The warehouses at Pushkino and Nova Riga are rated as good and very good respectively.
Biodiversity	Working with a local apiarist in Rostov we have introduced bee hives onto our site and have harvested a small quantity of honey.	To continue to work with the local apiarist and to investigate other biodiversity measures elsewhere in the portfolio.

On site renewable energy case studies

The Rostov solar farm and hydro electric power case studies outlined in Case Study 1 and 2 below highlight some of the positive steps the Group is taking to explore the adoption of renewable energy sources in its portfolio.

1. ROSTOV SOLAR FARM

Meteorological conditions in Russia are such that, in the majority of locations, the number of sunlight hours and levels of snowfall mean that solar generated power is not practical or financially viable. Our Rostov property is geographically far enough south to have limited snowfall and sufficient sun light hours to make solar energy feasible and we have designed a pilot scheme which will generate

1,257MW PER ANNUM, OR 12% OF OUR TENANTS' POWER REQUIREMENT, EQUIVALENT TO POWERING 550 AVERAGE FAMILY HOMES IN THE LOCAL ROSTOV AREA.

There have been numerous challenges in developing a framework to implement the project, but we hope to be on site in the next month and have commenced power generation by early summer. We anticipate this investment will pay back within ten years.

If the project is successful we will explore further opportunities across the portfolio, to roll out similar or smaller systems to supplement existing power consumption.

Rostov Solar Farm

Rostov Solar Farm

2. HYDRO ELECTRICITY – NOGINSK, MOSCOW

We have transferred the electrical supply to our Noginsk warehouse to RusHydro, meaning that

AT LEAST 25% OF THE ELECTRICITY WE CONSUME AT THE PROJECT WILL COME FROM RENEWABLE SOURCES.

60% of the Noginsk warehouse is used for chilled and cold storage meaning its energy requirements per square metre is one of the highest in our portfolio. Changing supplier on this site to a renewable provider has had a significant positive impact on net carbon emissions.

Changing power supply in Russia is a complex and time consuming task particularly as renewable power for our properties is only available via the wholesale electricity market. Moving to the wholesale market can take up to eight months with requisite notice periods and the necessity for the new supplier to perform a detailed audit and inspection of the electrical distribution and metering system which in turn is then subject to validation by the wholesale market trading administrator.

Noginsk fit out works

Operating office and other environmental activities

Energy
Our Guernsey office electricity comes solely from renewable sources and we are considering installing solar panels on our Limassol office in Cyprus office to supplement our energy requirements.

Recycling rates
Office specific initiatives in the year include the introduction of recycling in our Cyprus and Moscow offices to a similar level to that at our head office in Guernsey.

Digitalisation
We have implemented a project in Russia to significantly reduce business paper usage which includes electronic document interchange capabilities with our counterparties and document management systems to mitigate the use of paper in our working day. This is no small project as anyone who has experience of the Russian market will know; it continues to have a paper based operating system. We have around 700 separate counterparties with which we regularly exchange paper documentation, usually on a monthly basis. By moving to electronic documentation interchange, we will significantly decrease paper usage.

During the year we introduced enhancements to our shareholder communication services through our registrar's online portal to reduced paper usage and printing associated with our annual and interim reports and any circulars that we produce. All of these can now be viewed electronically on our website and through the dedicated shareholder portal together with proxy appointment and voting. For any shareholder not yet taking advantage of these services, we would encourage you to register at www.signalshares.com. You will need your investor code which can be found on your share certificate.

EcoGreenOffice certification
Our work throughout the year has not just focused on our warehouse portfolio and in St Petersburg we have undertaken an analysis of both Premium and Kellermann office buildings to establish the quality of the working environment. This voluntary certification by EcoGreenOffice is currently being finalised and we will look to implement its recommendations during the current year.

Greenhouse gases report
As in prior years we continue to commission Trucost to assist in compiling our report to comply with the Mandatory Greenhouse Gases Reporting Regulations (GHG). Energy consumption information was collated from all sixteen warehouses and three offices in the investment portfolio and our four operational offices leased in Moscow, St Petersburg, Cyprus and Guernsey. We also collected office car mileage and business travel for the Group's employees to report on Scope 1, Scope 2 and Scope 3 emissions. The report encompasses the impact of the entire property portfolio and not just those elements over which we have direct control.

The table below sets out the emissions data collated and the intensity ratio agreed at tonnes per square metre of floor area for the last three years. In absolute terms, Scope 1 energy consumption has decreased over the reporting period from the prior year by 8% leading to a reduction in our emission intensity to 0.046 tCO_2e/m^2, a reduction of 8% year on year. The reduction in Scope 1 emissions is pleasing and is driven by a number of factors including switching from gas generators at Shushary, the use of a biofuel sawdust boiler at Sever, where emissions are reported separately, and the other initiatives highlighted elsewhere in this section.

The occupation of our buildings by our tenants has the greatest impact on energy usage and therefore our reported GHG emissions. As mentioned elsewhere we are switching to renewable electrical suppliers where possible so that a greater proportion of our energy comes from renewable sources. We will also seek to collaborate with our tenants to reduce the actual usage of energy in each property. Both of these initiatives should allow us to report lower Scope 1 emissions in the future.

Scope 3 emissions have more then halved. This was to be expected as this includes our business travel metrics which has been restricted due to the covid pandemic.

We have now been collating these statistics for 8 years and have some useful trend information. Our next step is to introduce targets and objectives which the business will work towards as part of our overall sustainability strategy.

Data Point	Units	Quantity 2018	Quantity 2019	Quantity 2020
Scope 1	tonnes CO2e	30,976	27,597	25,317
Scope 2 (location-based)	tonnes CO2e	62,605	63,643	64,680
Scope 2 (market-based)	tonnes CO2e	62,604	63,642	60,500
Scope 1 + 2 Intensity (location based)	tonnes CO2e / floor space (sqm)	0.05	0.05	0.046
Scope 3	tonnes CO2e	231	200	89

The data collection and methodology protocol can be found in the appendix (page 135) to the Annual Report.

Looking ahead
Over the coming year we will continue to develop a longer term sustainability strategy. A number of our larger stakeholders, including the large supermarket tenants and the Russian banks, now have their own published ESG strategies and we intend to engage with these parties where it is possible to have a combined impact.

Replacement of roofing works at Klimovsk

Social report

Our People

Our people are fundamental to the business and achieving our strategic objectives. Each team member is responsible for delivering our vision, purpose and adhering to and promoting our culture. Our team has grown significantly over the years since our incorporation and we are proud of the very low staff turnover year on year (2020: 6%) with the average length of service of our team being 6.1 years overall and 8.75 years for our senior management with 48% of all employees having served over 6 years. We feel these statistics demonstrate the connection our team has with the business and its values.

As an employer we encourage and support our team in developing their potential, whether this be for professional study or personal development. We provide training support, sponsoring individuals towards professional qualifications and continued professional development. As an employer, by supporting the ongoing development and training of our workforce, the Group benefits by having a highly qualified and specialist team of individuals.

The Group also supports operational training where required, such as first aid, fire marshal duties, health and safety and operation of certain equipment to ensure a safe working environment and working practices for our team throughout the Group.

To further develop and support our people we have recently added experienced HR managers in Moscow and Cyprus and are investing time, energy and resources to centralise and co-ordinate a consistently applied HR approach across the Group. We expect this to encourage the development of the incredible talent we have in the business and nurture new leaders for the future.

This Group wide approach also includes our wholly owned logistics business Roslogistics, which provides additional occupational training specific to its industry and English language training for all employees.

We have either introduced new or updated existing policies relating to the environment, health & safety, conflicts of interest and modern slavery and human trafficking in recent months and all employees across the Group have continued to refresh their knowledge of existing policies and procedures this included interactive training on anti bribery and corruption in the second half of 2020. A rolling programme of training and development to maintain awareness of all policies is underway, using the Group's intranet, which serves as the conduit to circulate Group communications and news stories on a daily basis.

Diversity tables

As explained in prior years, the Group does not have a formal diversity policy on recruitment which may impose certain restrictions when considering applicants for roles. The business will select candidates based on experience, technical skills and cultural fit for the organisation rather than focus or positively discriminate certain traits of diversity over others. The experience, background, age and tenure of each individual contributes to the diversity we have within the Group.

We have expanded our disclosure on age, tenure and gender diversity this year to include the group of individuals that reports into the senior management team to provide a further insight into the profile of our employees.

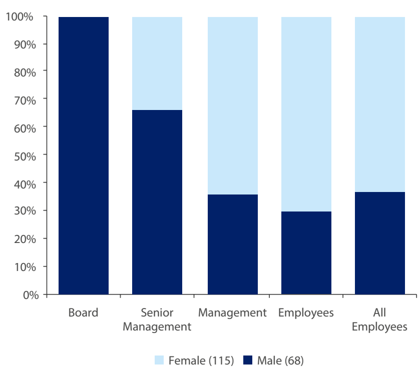
Headcount

We analyse the Group headcount with reference to the two principal reporting segments.

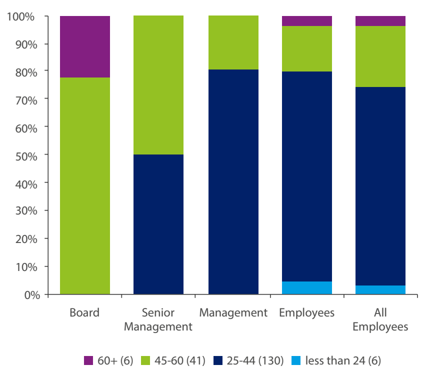
Investment Property Reporting Segment

The investment property reporting segment had 183 employees at the year end, 63% of which are female and 37% male. We have female representation of 33% in the senior management team and 64% of their immediate reports.

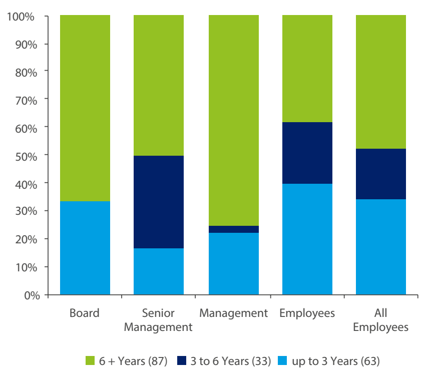
Gender of workforce



Age profile of workforce



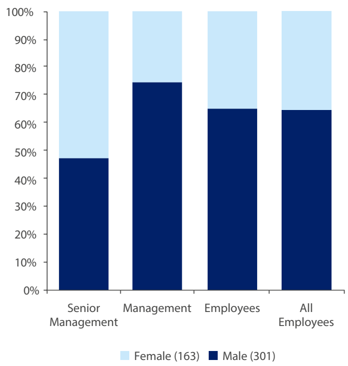
Tenure of workforce



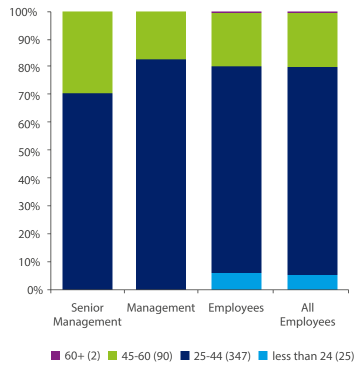
Roslogistics Reporting segment

Roslogistics had 464 full time employees at the end of the year, 65% male and 35% female. 89% of staff are employed directly in warehouse operations, servicing the logistics requirements of clients. It also engages the services of contract, outsourcing staff from a number of proven and accredited outsourcing companies. Warehouse staff are remunerated in accordance with Russian regulation and are benchmarked against market rates on a quarterly basis. Similarly, working hours meet the required regulation. The company works with the regional authorities to ensure employment vacancies are filled from the local communities where possible and opportunities for disabled employees are encouraged.

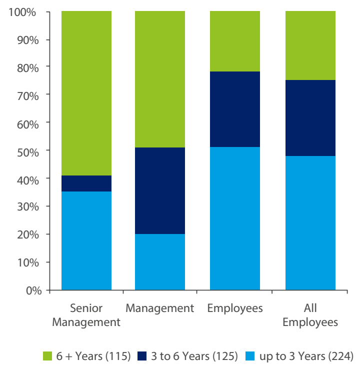
Gender of workforce



Age profile of workforce



Tenure of workforce



Covid response

The coronavirus has impacted all aspects of our business, the business of our tenants and our teams' daily lives. We have focused on ensuring the well being of our team and offered support for our tenants and stakeholders where required.

Across our operating jurisdictions of Russia, Cyprus and Guernsey we have seen varying degrees of lockdowns, restrictions on movement and border closures throughout the year. These ranged from stay at home orders to complete lifting of all restrictions save for isolation requirements if arriving from abroad. We are pleased to say our team took the restrictions in their stride with remote working, something the business has championed since its inception back in 2005, and the move to lockdown being a fairly painless exercise with much of the remote working and virtual communications infrastructure already in place. As restrictions were eased across the Group, we established team bubbles to minimise the impact of any potential infection amongst our workforce and liaised with local governments and healthcare professionals for regular testing of our team where this was required. 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.

Business travel for the Group, both domestic and international remained restricted during the latter part of the year with only a handful of flights taken when borders were open, meaning that virtual meetings remained the norm for all of the operational committees as well as Board meetings. We anticipate that virtual meetings will remain in place for the foreseeable future.

Communities

As a landlord of large commercial properties, we are conscious of the impact we have on the local communities where our warehouses are located. Our sites are typically located near residential areas, generating employment opportunities for the local residents and allowing our tenants to benefit from the availability of a local workforce. In turn these employment opportunities lead to increased tax collection to benefit the local and state authorities along with the Group tax payments made in each of our operating jurisdictions.

The Group is committed to supporting local and national charities, not for profit organisations, educational, cultural and sporting establishments and others groups within the jurisdictions in which it operates. During the year, the Group invested £51,089 in these activities where the goals of the organisations are aligned to the Group's culture and values. These ranged from supporting a number of local sports clubs which foster grass roots development programs and competition in domestic and national leagues, our continued collaboration with a local photography festival and finally financial support and partnership with a local concert and exhibition hall. The Group does not make political donations.

Roslogistics undertakes a number of specific social, community and charitable activities in the geographical areas in which it operates, which during the year included the handling and distribution of food parcels donated in the Tver region for people who were self isolating or vulnerable. In total over 12 tons of packages were processed with Roslogistics' support. It also works with Food Bank Rus in the Lobnya region of Moscow, to store food parcels prior to their delivery to those in need. It also donated medical respirators to the Morozovskaya Children's City Hospital during the height of the pandemic.

RISK REPORT

Risk Appetite

A build up of external risk factors weighed on the business in 2020. The impact of the Covid pandemic which precipitated the oil price and Rouble collapse in March, was then sustained by the continuing threat of further international sanctions against Russia as the year progressed. Following a full lockdown in Russia in April our market rebounded, supported by the activity of the large supermarket and e-commerce players but this has not translated into improved shareholder returns due to the macroeconomic and political pressures.

We have suffered some of the weakest average Rouble exchange rates in any year since our incorporation, dampening our Sterling equivalent returns. However, our continued progression towards a predominately Rouble denominated operating and financing base has limited the impact of the weak foreign exchange environment on day to day operations.

The re-designation of our convertible preference shares to a mix of ordinary and preference shares has also reduced our exposure to Sterling debt instruments on the Company balance sheet.

The overhang on our shares, caused by the requirement of our biggest shareholder, Invesco Asset Management Limited ("IAML"), to exit our stock, continued to place a ceiling on the performance of our shares. The arrival of Covid resulted in a conditional agreement to acquire all of IAML's holdings to lapse. Given the success of the business to weather the impact of the many pressures of 2020, negotiations continued with IAML and we have now contracted, along with existing shareholders, to acquire IAML's stake subject to shareholder approval.

The Russian government has also renegotiated a number of double tax treaties during the year which will potentially increase the withholding tax burden of the group in the future. Given the majority of governments will be seeking increased taxation revenues to counter the cost of the pandemic we do not see this as entirely a Russian specific risk.

We were the victim of a vexatious legal claim made by the receiver of a bankrupt tenant at the end of the year, in relation to a lease signed in 2015 at the time of the collapse in market rental levels. The claim, for the equivalent of £2.8 million, has subsequently been upheld by the Russian courts and we are following all possible appeal routes. Since 2015 we have been subject to 116 court cases and 16 ICAC hearings, many challenging aspects of older lease agreements subject to currency pegged rents, in an attempt to reduce contracted rental levels. This is the first occasion that any ruling has gone against us and given that context, we consider it an isolated incident.

The culmination of the events in the year is a risk neutral approach for the Group as strong operational performance is offset by the caution required to deal with these external factors.

The principal risk factors that follow reflect our opinion of how they have changed in 2020.

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 this is given in the Audit Committee Report.

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 seven 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 management of internal control procedures and the results of internal audit projects.

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 2020
Oil and Gas dependent economy V Low oil price 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 now 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. The logistics market in Russia has been robust in 2020, driven by essential supermarket chains and acceleration in the growth of the e-commerce sector.	⇧
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. Rouble exchange rates remain weak.	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 has heightened in 2020. The impact of a weak Rouble is covered in the financial risks section.	⇧
Pandemic V A new wave of the pandemic causes further lockdown measures in the Russian market.	The Russian economy contracts further and consumer demand falls. Continued weak Rouble puts upward pressure on inflation and Central Bank of Russia key interest rates.	The Russian government has avoided a second lockdown and is focussing on a mass vaccination programme. Our assets continued to operate during the first lockdown as they were a key support function of the essential retailers' logistics chains. There has been minimal impact on rental collections to date. The impact of the weak Rouble, increased taxation and central bank interest rates are covered in the financial risks section.	**NEW**

Financial Risk

Risk	Impact	Mitigation	Change in 2020
Foreign Exchange V At the year end 40% 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 coupon and reduces our Sterling equivalent profitability and net asset value.	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. However, the weak Rouble has had a significant impact on the Sterling equivalent of our net asset value.	⇧
Interest rates V Increases in Central Bank rates and financing benchmarks.	The cost of debt increases and Group profitability and debt service cover reduce.	The Russian Central Bank continued to reduce its key rate in 2020 and has put any further movements on hold at its last two meetings as it monitors the inflation levels. Our variable cost of debt is hedged with the use of caps with terms matching the debt maturity profile.	⇨
Share Buy Backs V We have contracted to purchase the majority of the holding of our shares from the Company's largest shareholder.	We reduce our equity base and increase group gearing.	The overhang of ordinary shares has been impeding share performance. On renegotiating the acquisition, the level of gearing required has been substantially reduced.	⇨

Property Investment

Risk	Impact	Mitigation	Change in 2020
Acquisitions 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 V 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.	⇨

Property Investment continued

Risk	Impact	Mitigation	Change in 2020
Capital Expenditure V As the majority 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 and provide the opportunity to improve energy efficiency and sustainability.	⇨

Russian Domestic Risk

Risk	Impact	Mitigation	Change in 2020
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. However, we were the victim of a vexatious claim at the end of 2020 which has, thus far, been supported by the Russian courts.	⇧
Russian Taxation V 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. The renegotiation of double tax treaties during the year has potentially exposed the group to higher withholding tax charges in the future. Ultimately, Russia remains a relatively low tax jurisdiction with 20% Corporation tax.	⇧

Personnel Risks

Risk	Impact	Mitigation	Change in 2020
Key Personnel Failing to retain key personnel. Remote working increases the challenges for employees to meet targets.	Strategy becomes more difficult to flex or implement. Remote working puts additional strain on employees' well being.	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

V Viability statement risk

⇧ Increased risk in the period

⇨ Stable risk in the period

⇩ Decreased risk in the period

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company and Group over a longer period than prescribed in the "Going Concern" review in the financial statements.

The Board has reviewed the suitability of the three-year viability period that it has used previously. Given the inherent uncertainty in the Russian economy, tied to factors such as oil prices and international sanctions and latterly, the global impact of Coronavirus, the Board considers the three-year period to be appropriate.

Key considerations for the Board on solvency this year have been the effect of exchange rates on earnings and the servicing of the foreign currency denominated element of debt facilities, the ongoing expectation of debt re-financings in the normal course of business and the potential impact of entering into an additional facility of €60 million to fund the acquisition of the Company's shares, as explained in the post balance sheet review in note 36 to the financial statements. As this facility supports the acquisition of over 32 million of the Company's preference shares, the cash flows for the Group are, at worst, neutral during the viability period.

The management of balance sheet foreign currency exposure, as we continue to increase the proportion of Rouble denominated debt, improving portfolio occupancy and committed secured financing facilities have given the Board greater certainty of cash flows over the viability period and hence greater comfort in the forecasts.

Three working capital scenarios have been modelled, the first being a base case, the second being a stress case, and the third being the stress case amended for ordinary course of business, mitigating actions within the Board's control. The base case model assumes current market norms remain stable but is then sensitised in the stress case for those principal risks and uncertainties highlighted earlier in the "Risks and Uncertainties" section, the key sensitivities considered by the Group being:

- Increased vacancy assumptions on lease maturities or breaks;
- A continued weak average Rouble exchange rate, against the Euro, Sterling and US Dollar;
- Changes in debt facility interest rates;
- An increased withholding tax burden;
- The impact of a tightening in available debt finance;
- The introduction of a new finance facility to purchase the Company's shares; and
- The combined impact of all sensitivities on cash balances and banking covenants.

Following the application of the appropriate sensitivities, the key mitigating factors supporting the Company's viability and solvency are: the ability to take advantage of curing marginal breaches in any of the Group's secured debt facilities by placing funds on deposit with banking counterparts until ongoing amortisation or letting progress resets the covenant levels; the ability to control ordinary share distributions; and minimising conditional capital expenditure.

Based on the results of the procedures outlined above, the Board of Directors has a reasonable expectation that the Company and Group will be able to continue in operation and meet their liabilities as they fall due over the period of assessment.

Signed for and on behalf of the Board.

Mark Sinclair
Director
14 March 2021

DIRECTORS

Sir Richard Jewson (aged 76)

Non Executive Chairman

Richard Jewson joined Jewson, the timber and building merchant, in 1965 becoming the Managing Director, then Chairman of its holding group, Meyer International plc, from which he retired in 1993. Since then he has served as Non Executive Director and Chairman of a number of public companies. He retired in 2004 after 10 years as Chairman of Savills plc and in 2005, after 14 years as a Non Executive Director and Deputy Chairman of Anglian Water plc. He is currently Chairman of Tritax Big Box REIT Plc, and a Non Executive Director of Temple Bar Investment Trust plc.

He is Chair of the Nominations Committee and a member of the Remuneration Committee.

Anton Bilton (aged 56)

Executive Deputy Chairman

Anton Bilton is an economics graduate from The City University in London. Anton was the founder of The Raven Group. He has also been a founder and director of three other companies that have floated on AIM. He is Non Executive Chairman of Sabina Estates Limited.

Glyn Hirsch (aged 59)

Chief Executive Officer

Glyn Hirsch qualified as a Chartered Accountant with Peat, Marwick Mitchell & Co in 1985. Until 1995, he worked in the corporate finance department of UBS (formerly Phillips & Drew) latterly as an Executive Director specialising in UK smaller companies. From 1995 until 2001, he was Chief Executive of CLS Holdings plc, the listed property investment company, a former Director of Citadel Holdings plc, the specialist French property investor and former Chairman of Property Fund Management plc, the listed property fund management business. He is a Non Executive director of Sabina Estates Limited.

Mark Sinclair (aged 55)

Chief Financial Officer

Mark Sinclair is a chartered accountant, and spent 18 years at BDO Stoy Hayward, a leading professional services firm in the UK. He was a partner in the London real estate group, responsible for a portfolio of large property companies, both listed and private. He joined Raven Mount in June 2006 as Finance Director of Raven Russia Property Management Ltd, the former Property Adviser to the Company and joined the Board of Raven in March 2009.

Colin Smith (aged 51)

Chief Operating Officer

Colin Smith qualified as a Chartered Accountant with BDO Stoy Hayward. Prior to joining the Company, he was a Director in the audit and assurance division of the chartered accountant practice of BDO in Guernsey, having joined BDO in 1994. Colin has also been a Non Executive director of a number of investment funds and companies.

Michael Hough (aged 60)

Senior Independent Non Executive Director

Michael Hough previously worked at Goldman Sachs and Drexel Burnham Lambert as well as Apax Partners and Altium Capital. He subsequently co-founded two private Equity firms; Iceni Capital and Aurora Russia. He was also, for 5 years, the CEO and President of Henry Technologies, a global manufacturing and technology business. In addition, he was Chairman of OSG, Russia's largest document storage business for 5 years prior to its successful sale.

He is Chair of the Remuneration Committee and a member of the Audit and Nominations Committee.

Russell Field (aged 64)

Non Executive Director

Russell is a chartered accountant, and spent 31 years at BDO LLP, a leading professional services firm in the UK. He spent 25 years as a partner in the Firm's real estate group, responsible for a portfolio of large property companies, both listed and private. He was also the UK and Global head of real estate and construction for the 4 years ended 30 June 2020. During his long career with BDO he spent 13 years as an elected member of the Firm's Partnership Council.

He is Chair of the Audit Committee and a member of the Remuneration Committee.

David Moore (aged 60)

Non Executive Director

David Moore is an advocate of the Royal Court of Guernsey and is currently a consultant with Collas Crill. He is a former partner of Guernsey law firm Mourant Ozannes, where he had practised since 1993 and before that spent 10 years practising in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate and financial matters and is a Non Executive Director of a number of investment, insurance and finance sector-related companies.

He is a member of the Audit and Remuneration Committees.

Philip Swire (aged 55)

Non Executive Director

Philip Swire has more than 25 years of experience placing alternative investment funds. He is Senior Advisor on the Advisory Board to e-Shang Redwood (ESR), the leading Pan Asia Pacific logistics developer and operator which is listed on the Hong Kong Stock Exchange. Philip held senior positions at Lipworth Capital, Campbell Lutyens ,Bankers Trust/Deutsche Bank, Donaldson Lufkin and Jenrette and Hambros Bank. He is presently a partner and regulated by the FCA at Karroo Capital.

Before his commercial career, he served as an officer in the British Army and retired with the rank of Captain.

He is a member of the Nominations Committee.

CORPORATE GOVERNANCE

Chairman's introduction

I am delighted to present our corporate governance report for this year end. This is the second year we are reporting under the 2018 revision of the UK Corporate Governance Code (the "Code"). As explained last year the Board and its Committees together with management worked on implementing the principles and provisions of the Code prior to its introduction. 2020 continued our ongoing work streams on governance matters which are explained further below. I am pleased to report we have complied with all the principles of the Code and only diverge from the provisions on two matters, down from four in 2019. These are explained more fully within this report.

The Covid pandemic impacted our business in many ways. Operationally it focused our minds on our stakeholder engagement and ensuring our relationships with all our key stakeholders remained strong and resilient to weather the storm and allow the business to continue to operate. This involved regular engagement with: our tenants to ensure our estates remained open and operational in light of local regulations enacted by the Russian government to stem the number of infections; suppliers and contractors to ensure tenant fit outs remained on schedule and as planned to deliver the space tenants needed to operate their own businesses; providers of capital, principally our shareholders and bankers, to keep them appraised of our business, future plans and governance matters; and our employees to ensure they could work remotely, safely, securely and effectively whilst in differing levels of lockdown. As with many businesses, Covid has changed the way we operate and the governance around such changes has needed to follow suit.

I hope that readers of this year's annual report obtain a greater insight into the environmental, social and governance practices of our business. We have made real progress on these matters.

As explained in our 2019 report, Christopher Sherwell retired at the conclusion of the 2020 AGM. Michael Hough became the Senior Independent Director and Chair of the Remuneration Committee at that point. In October we welcomed two new Non Executive Directors, Russell Field who now chairs the Audit Committee and sits on the Remuneration Committee and Philip Swire who sits on the Nominations Committee. The Nominations Committee report provides further details on the appointment processes and the induction program both have participated in. We remain committed to adding further diversity to your Board, and are still looking for a further non executive to complete our rotation programme. We will provide further updates on this as progress is made.

We continue to put governance matters at the forefront of our decision making processes ensuring that good corporate governance principals are applied, not just in the boardroom, but in all operations and activities of the Group.

Sir Richard Jewson
14 March 2021

Statement of Compliance with the Code

The Board considers that the Company complies fully with the principles of the Code, and all provisions save for provisions numbered 5 and 19. Both are discussed in more detail below setting out our reasons for deviation from the Code and why, in certain cases, we believe our approach upholds the spirit of the provisions within the Code rather then the letter itself.

5 – Workforce engagement

As reported last year, given the size of the Group and closeness of the Executive Directors to senior management and operational areas of the Group, the Board do not consider that any one of the three methods of engagement with the workforce proposed in the Code will generate a more effective means to consider the workforces views as stakeholders of the Group. There is always a member of senior management in attendance at formal Board meetings. The senior management team meet on a weekly basis with the executive Directors. Our operational committee structure and the role of the Board of our Cypriot subsidiary group means that employees from all facets of the Group have weekly meetings with at least one member of the Executive Directors or senior management. This, along with the team leadership structures in place across the Group, allows a conduit for engagement and multiple touch points for our workforce to engage with Executive Board members and senior management and provides an open and informal approach, which in our opinion, is more appropriate for the Group at the current time then one of the three methods set out in the Code. This approach will be kept under review by the Board in consultation with the senior management team to ensure it remains the most effective means to ensure engagement with our employees.

19 – Tenure of the Chair

The Board is in the process of undertaking a phased approach to succession planning to ensure that any new Non Executive Director can be integrated into the Board and its committee structures whilst ensuring continuity throughout. The appointment of a Chair is arguably one of the most important decisions any company will make. Ensuring that individual is the right fit for the business and can drive the Board forward is fundamental. The Nominations Committee are focusing this year on a final non executive appointment, and once complete will then turn to consideration of succession planning for the Chair.

Board leadership and company purpose

The Board is responsible for realising shareholder value by setting the Group's strategic objectives and direction. Day to day responsibility in delivery of the Group's strategy is charged to the executive and senior management team who are accountable to the Board on accomplishing these goals. The strategic goals of the Group are set out in more detail in the business model and strategic report which includes information on the Company's purpose, values and culture.

The Board had six scheduled meetings throughout the year as well as conference calls for specific matters as required. A committee of the Board, comprising any two or more Directors, meet on an ad hoc basis to consider transactional and related matters concerning the Company's business. During 2020, there were 16 such committee meetings. In any normal year the Board's scheduled meetings would be held in Guernsey at the Group's head office, with meetings also held in Russia or Cyprus to review the Group's operations and meet with local management. During 2020, meetings were held by video conference on all but one occasion with meetings at the Group's operational offices in Cyprus and Moscow not possible due to Covid travel restrictions. The use of video conferencing across the Group has been extensive while travel restrictions remain in place, however, unlike some businesses; video conferencing has been a part of the way the Group has operated for a number of years ensuring that the technology available to the Board is fit for purpose to enable its continued smooth operation.

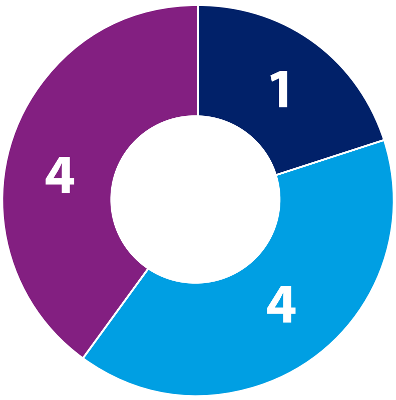
Matters reserved specifically for the Board's consideration form the basis of the scheduled meeting agendas. The main elements of this policy include Group strategy, material transactions, financial reporting, capital structure and distribution policy, corporate governance and internal controls and risk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

	Key activities of the Board during 2020	Activities specific for the year
Q1	• Review of investment portfolio performance • Review of medium term forecasts and strategy • Approval of the 2019 annual report • Consideration of principal risks and risk appetite	• Approval of suspending the ordinary share distribution to shareholders given the uncertainty around COVID • Review of the Group's COVID response • Approval of updated corporate governance policy documentation • Consideration of the cumulative preference share re-designation plans • Consideration and planning of tax strategy
Q2	• Review of investment portfolio performance • Review of Q1 2020 reforecast • Review of investor feedback from investor/broker meetings following results • Review and consideration of strategy • Approval of notice of meeting for 2020's AGM	• Shareholder engagement on re-designation proposals • Finalisation of re-designation proposals • Monitoring the Group's COVID response • Further updates and training program for key group policies
Q3	• Review of investment portfolio performance • Review of medium term forecasts and strategy • Approval of 2020 interim results • Consideration of principal risks • Review of Q2 2020 reforecast • Review of AGM results	• Approval to reinstate the final 2019 distribution by way of tender offer buy back given the operating performance of the Group in H1 2020 • Consideration of further share buy back proposals • Monitoring business COVID response • Consideration of ESG matters and engagement of external advisors
Q4	• Review of investment portfolio performance • Review of Q3 2020 reforecast • Approval of 2021 Budget • Review of medium to longer term forecasts • Consideration of Board constitution, balance of skills and experience • Review of investor feedback from investor/broker meetings following interim results • Review and consideration of strategy	• Consideration of new non executive appointments • Consideration of the share buy back proposal and exit of cornerstone investor • Internal systems and reporting • Monitoring the Group's COVID response

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

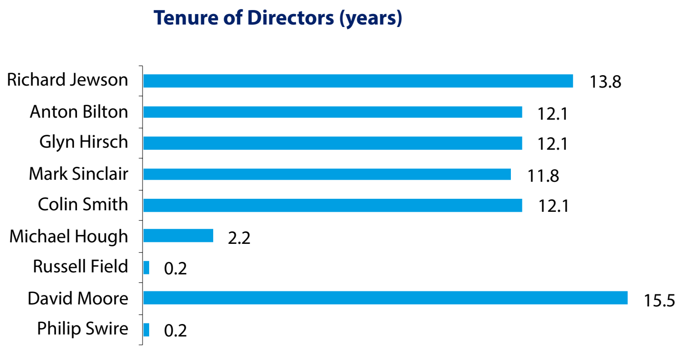
Board composition

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



Chair
Non Executive Directors*
Executive Directors

*All non executive directors are considered independent by the Company



The Board and its Committees

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

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

During the year, on consultation with nominations committee following the appointment of the new Non Executive Directors, the Board took the opportunity to reassess the Board Committee membership to ensure that it was fit for purpose with the necessary balance of skills, background and diversity whilst ensuring continuity throughout for any hand over periods as required. As of the year end, the membership of each Committee is set out in the table below.

	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson		Chair	Member
M Hough	Member	Member	Chair
R Field	Chair		Member
D Moore	Member		Member
P Swire		Member	

CORPORATE GOVERNANCE

Attendance at Board or Committee meetings during the year to 31 December 2020

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

	Board	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson	6	N/A	3	2
A Bilton*	6	N/A	3	N/A
G Hirsch	6	N/A	N/A	N/A
M Sinclair	6	N/A	N/A	N/A
C Smith	6	N/A	N/A	N/A
C Sherwell**	2	1	1	1
M Hough***	6	3	2	2
R Field****	1	0	N/A	0
D Moore	5	2	N/A	2
P Swire****	1	N/A	0	N/A
No. of meetings during the year	**6**	**3**	**3**	**2**

* Anton Bilton resigned as a member of the Nominations committee on 21 October 2020

** Christopher Sherwell retired at the AGM held on 6 July 2020. There were 3 Board, 1 Audit, 1 Remuneration and 1 Nominations Committee meetings held prior to his retirement

*** Michael Hough joined the Nominations Committee on 6 July 2020. There were 2 Nominations Committee meetings held during 2020 since his appointment date

**** Russell Field and Philip Swire joined the Board on 21 October 2020, there has been 1 Board meeting since that date and no committee meetings.

Engagement with Shareholders

The Board considers the views of our shareholders and regular contact with our shareholders, brokers and analysts to be an important aspect of our on going corporate governance program. The Chief Executive Officer and Executive Deputy Chairman have day to day responsibility for our investor relations program and feed back to the Board throughout the year.

In any normal year the Chief Executive Officer, Executive Deputy Chairman and Chief Financial Officer would perform regular road shows, investor and analysts briefings and shareholder meetings around publication of our annual and interim results and ahead of any notable events such as the convertible share re-designation. Engagement with our largest institutional investors includes discussing governance, remuneration, distributions and fund raising prior to developing our policies, ensuring that the Company and its directors' interests are fully aligned with our shareholders.

Due to covid travel restrictions and government policy on social distancing and gatherings, physical meetings were not able to take place in 2020, instead our usual program was rolled out using conference calls. During the year we have spoken to institutions and private shareholders which represent 64.5% of our shareholder base. Additionally our brokers and advisers team have spoken to a further 4.5% of shareholders, meaning in total we have been in direct communication with 81.1% of investors including the 12.1% of shares held by management, employees and related parties.

In addition to our institutional holders, we have a fairly large retail investor base and a number of other interested stakeholder groups. In these cases the Group uses its website to ensure timely information is provided along with our regulatory new announcements service which we would encourage all investors and stakeholders to sign up to. This can be found on our website https://www.theravenpropertygroup.com/investors/email-signup/. Results presentations, report and accounts, shareholder circulars as well as the Group's governance material is all published on our website.

The AGM of the Company provides shareholders with the opportunity to meet the Board and discuss the business and any matters of interest or concern. Unfortunately our AGM had to be held behind closed doors last year. Although it was technically possible to attend subject to certain isolation restrictions, it was simply unfeasible for shareholders not based in Guernsey to attend. Details of those resolutions which did not receive at least 80% positive votes are provided separately below. We are hopeful that covid travel restrictions and government guidance on gatherings allow us to hold an open AGM during 2021. We continue to urge shareholders to engage with the Company directly rather then relying on proxy voting agencies to form an opinion on our governance practices and vote on their behalf.

Significant votes against at the annual general meeting

At the Company's AGM held on 6 July 2020, there were two resolutions which received less than 80% of supporting votes, these were:

- 73.6% of votes were cast in favour of Resolution 2 "to approve the Directors' Remuneration Report"; and
- 77.6% of votes were cast in favour of Resolution 3 "to re-appoint Sir Richard Jewson."

In the announcement released following the AGM the Board explained that, in line with accepted best practice, the Company had deferred the proposal of a new remuneration policy for the period 1 January 2021 to 31 December 2023 until the 2021 AGM. An updated policy will be proposed at the AGM in 2021. The Remuneration Committee Report sets this out in more detail along with a fuller explanation of the steps taken to ensure that this policy is aligned to shareholders expectations.

The Company continued to progress its succession planning for the Board and on 21 October 2020 announced the appointment of Russell Field and Philip Swire as independent Non Executive Directors. Further details on their appointments and future plans for the succession planning can be viewed in the nominations committee report.

THE NOMINATIONS COMMITTEE REPORT

As Chair of the nominations committee, I am pleased to present our 2020 report which sets out the activities that the committee has undertaken during the year. Our main focus has been on the succession planning of our non executive team. We have two new members of the non executive team this year, Russell Field and Phillip Swire join David Moore and Michael Hough as continuing Non Executive Directors whilst Christopher Sherwell stepped down at the AGM held in July. I, along with the rest of the Board would like to thank Christopher for his involvement with the Company over the past 12 years and particularly his work as Chair of the remuneration committee and the role of the Company's senior independent director. Michael Hough became the Company's Senior Independent Director and Chair of the remuneration committee following the AGM.

The key tasks of the Committee include reviewing the size, structure and composition of the Board and its committees to ensure appropriate skill, experience, diversity and independence, lead processes for new Board and senior management appointments, and finally to review the effectiveness of the Board and its committee structure in light of the requirements of the Group, Code and relevant regulations.

The committee is now searching for a female non executive director to complete the succession planning.

Non Executive Director - appointment and induction program

As explained above, Russell Field and Philip Swire joined the Board as Non Executive Directors in October 2020. Both were interviewed for the position by the Chairman, Chief Executive and Executive Deputy Chairman prior to a proposal being put forward to the committee for consideration. Following the committee's review, a recommendation for their appointment was made to the Board.

Following their appointment, a detailed induction program was put in place so that they could become familiar with the Group and its operations. The process included a review of all key Group policies and management reporting framework. In any normal year the induction program would have included visits to our Cyprus and Russian operations to meet and discuss the business with local management, however given the travel restrictions in place, video conferences were held with members of senior management and the management team. Once travel restrictions are lifted, it is the intention that both will visit our operations and engage with the team in person.

Diversity

Diversity information on the Board, senior management, immediate reports below the senior management team and Group as a whole are set out within the strategic report. There is female representation of 62% and 36% for direct reports to the senior management team and senior management team respectively with a group wide split between male and females of 37% and 63% respectively. Although we are yet to appoint a female director to the Board this is one of the key considerations for any new appointment being considered by the Committee during 2021. The Committee has intentionally not adopted a policy or quota on recruitment which may impose certain restrictions, both positively and negatively in regards to specific diversity traits, when considering applicants for roles within the Board and wider Group. Instead the Board and committee continue to support the view that the experience, background, age and tenure of each individual to contribute to the diverse nature and inclusivity of the Group.

Board performance evaluation

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

The performance evaluations for the year ended 2020 were undertaken internally, which included group discussions and individual reviews of performance throughout the year. It was concluded that the performance of the Board, its Committees and individual Directors was effective and that the Board has the necessary balance of skills, expertise, independence and knowledge required to direct the business.

The Board and Committee consider the composition of the Board and its Committees with reference to the Group's needs and also the requirements of the Code and relevant regulations. In accordance with the Code, all Directors will be put forward for re-election at the AGM. Having considered the balance of skills, expertise and performance of the Board, its committees and individual Directors, the Board recommends the reappointment of each Director standing for re-election at the forthcoming AGM.

Sir Richard Jewson
Chair of the Nominations Committee
14 March 2021

CORPORATE GOVERNANCE

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

Sir Richard Jewson
Chairman
Responsible for leadership, orderly running of the Board and its effectiveness.

Glyn Hirsch
Chief Executive Officer
Responsible for day-to-day running of the business. Recommends strategy to the Board and is responsible for its implementation and overall performance.

Anton Bilton
Mark Sinclair
Colin Smith
Executive Directors
Work with the CEO to deliver the Group's strategy. Responsible to the Board.

Michael Hough
Senior Independent Director
Provides a sounding board for the Chair and supports the Chair. Acts as an intermediary for other NED's where necessary. Available to shareholders as an alternative channel of communication to the Chair.

Russell Field
Philip Swire
David Moore
Independent Non Executive Directors
Hold management to account and constructively challenge decisions of the Board. Bring independent judgement and specialist advice to the Board deliberations.

The Board

Six scheduled meetings per year.

16 additional committee meetings held during 2020.

Responsible to shareholders and wider stakeholders for the long term success of the Company.

Develops the strategic direction of the group.

Responsible for determining significant risks and risk appetite.

Responsible for leadership of the Group, governance arrangements and culture.

9

Nominations Committee

Sir Richard Jewson (Chair), Philip Swire & Michael Hough.

Three meetings in 2020.

Making recommendations for succession planning.

Considers size, structure, skills, experience and composition of the Board and its committees.

3

Audit Committee

Russell Field (Chair), Michael Hough & David Moore.

Three meetings in 2020.

Oversees the financial and narrative reporting.

Review and monitors the integrity of the Groups internal controls and risk management processes.

Responsible for auditor engagement, nomination and retention.

3

Remuneration Committee

Michael Hough (Chair), Sir Richard Jewson, Russell Field & David Moore.

Two meetings in 2020.

Sets the remuneration policy.

Development of long term incentive schemes aligned to strategic goals of the Group.

4

Risk Committee

Two Executives, seven Senior Management & one Management.

Seven meetings in 2020.

Delegated responsibility for risk management and internal controls monitoring, processes and implementation.

2 8

Raven Russia Holdings Cyprus Limited

Meets at least weekly.

Day-to-day operational control and risk management.

Five Senior Management & one Management.

1 5

Operational Oversight Committee

Meets at least weekly.

Two Executives & ten Senior Management.

Charged with the day-to-day running of the business to deliver the strategic objectives.

4 8

ESG Committee
Two Senior Management.
Two Management.
1 3

Investment Committee
Seven Senior Management.
2 5

Finance Committee
Two Executives.
Six Senior Management.
Five Management.
5 8

IT Committee
One Executive.
One Senior Management.
One Management.
1 2

Asset Management Committee
Four Senior Management.
4

Operational Committees - each meet weekly

AUDIT COMMITTEE REPORT

A personal introduction from our new Audit Committee Chairman

Following my appointment to the Board as a Non-Executive Director on 21 October 2020, I am pleased to present my first Audit Committee Report on behalf of the Audit Committee.

This year's report is largely focussed on outlining the Committee's role, key activities and areas of focus for the year to 31 December 2020, but I start by covering off some pertinent people matters.

I took on the role of Chairman of the Audit Committee upon my appointment to the Board and would firstly like to express my warm gratitude to Michael Hough for smoothly facilitating the handover of this responsibility to me. Michael had temporarily served as Chairman, and presented last year's Audit Committee Report following Stephen Coe's stepping down at the 2019 AGM. Having been an audit partner at BDO LLP ("BDO"), with a focus on real estate for over twenty-five years, until my retirement from public practice in September last year, I believe that the wealth of audit experience I gained over that time in this specialist business sector will positively broaden the already existing diverse experience of the Committee members. My appointment also comes at a time of profound rotational change for our external auditors, Ernst & Young ("EY"), with the Company's client relationship partner having recently retired and the lead audit partner, Peter McIver, to be succeeded by David Wilson, following the issue of the 2020 year-end audit report.

As the optimising of audit quality is of such paramount importance, with the incumbent audit partner capable of being so instrumental in driving this forward over their tenure, I wanted to ensure that the succession planning process was conducted with appropriate rigour and due care. As a result, together with the CFO and COO of the Group, I held lengthy discussions with Peter and EY's nominated candidates for the role prior to us reaching the conclusion that David was the right choice for the business. Following a period of shadowing Peter during this year's audit process, David will take the helm later this month. There have also been rotational changes involving other senior members of EY's audit team during 2020. I believe that this substantial refresh of the composition of the external audit team provides a great opportunity for the effectiveness of the whole audit process to be revisited, assessed and planned ahead with fresh pairs of eyes. After careful consideration, the Committee therefore recommended to the Board that the Company retain EY as its auditors for the 2021 audit at this people transitionary time.

Whilst the limitations on physical movement as a result of the Coronavirus pandemic have sadly restricted my ability to date to meet in person with the key stakeholders in the audit process, I have found, like many others, interactions using video conferencing facilities have proven to be a workable and constructive substitute. As well as enjoying the opportunity to engage with many of my new colleagues by virtually attending a variety of internal meetings with members of the Board and the Group's internationally spread management teams in recent months, I have also been able to actively participate in aspects of the online portfolio valuation meetings that are attended by EY's audit specialists and our independent valuation team at Jones Lang LaSalle ("JLL").

Russell Field
Chairman
Audit Committee
14 March 2021

Remit and summary of the oversight role of the Audit Committee

The Committee has responsibility for ensuring that the financial performance of the Group is properly reviewed, monitored and reported on. In assisting the Board discharge and fulfil its business oversight responsibilities the activities the Committee performs include, but are not limited to:

- Reviewing and monitoring the integrity of the Company's financial statements, including its annual and interim reports, preliminary announcements and any other formal statements relating to its financial performance. This includes reviewing the accounting policies of the Group, key areas of judgement and material estimates in those statements and making recommendations for their approval;
- Monitoring the quality and effectiveness of the Company's external auditors, including reviewing independence, objectivity, expertise and resource matters;
- Responsibility for leading the relationship with the Company's external auditors, their appointment, continuing independence and remuneration for audit and non audit services;
- Making recommendations to the Board on the appointment, reappointment, replacement and remuneration of external auditors (for audit and non-audit services) and conducting any audit tender process as and when required;
- Reviewing the financial model underpinning the Group's viability statement;
- Reviewing the work of the Group's independent external property valuers and considering their independence and objectivity;
- Monitoring of the quality of the Group's internal controls and risk management functions, including the recommendations of the internal auditors;
- Reviewing and monitoring the Group's processes for compliance with laws, regulations and ethical codes of practice; and
- Monitoring the Group's whistleblowing arrangements and procedures for fraud and bribery.

Full details of the Committee's role and responsibilities are set out in its Terms of Reference which are available at https://www.theravenpropertygroup.com/about/.

Composition, experience and meetings of the Audit Committee

The Committee currently comprises Russell Field (Chairman), David Moore and Michael Hough. Christopher Sherwell had been a member of the Committee until his retirement as a Non-Executive Director at the 2020 AGM. The new Chairman is a chartered accountant and is considered to have recent and relevant financial experience for the purposes of the Code.

As illustrated by their biographies on page 54, the Committee's members have between them amassed considerable commercial and professional experience and financial acumen relevant to the real estate and financial services sectors allowing them to properly discharge their duties.

The Committee meets, as a minimum, twice a year. These meetings are regularly attended, in whole or part, as appropriate to the matters being discussed, by other members of the Board, representatives from senior management and, when considering matters related to the audit process other than their remuneration and performance, by the Group's external audit partner and other members of the audit team. The Chairman of the Committee also ensures that meetings with the external audit partner of the Company, without management present, take place at least twice a year.

The Committee met three times during 2020. A record of the attendance of Committee members at these meetings is included on page 58.

Matters covered at Audit Committee meetings in 2020

The principal matters that were addressed and actioned as necessary during 2020 Committee meetings were as follows:

- Making a recommendation to the Board for the approval of the 2019 annual and interim financial statements following our review of their integrity, including consideration of the key areas of financial reporting judgement contained therein;
- Considering the robustness and appropriateness of the forecast models used as the basis for the going concern and viability statements in the Company's 2019 annual report;
- Reviewing the performance and continuing independence status of the external auditor, making a recommendation to the Board for their reappointment for the 2020 audit and consideration of the level of their remuneration for audit and non-audit services;
- Assessing the quality of the annual and interim property valuations prepared by the Group's independent external property valuers and challenging the assumptions used by the valuers;
- Reviewing the results and recommendations of the Group's Cypriot holding company board and the internal auditor on risk management and internal control related reports issued during the year and agreeing the plan of work for 2020; and
- Monitoring of the Group's internal control and risk management procedures, including a review of the Risk Committee's submissions, to ensure appropriate actions are being taken to mitigate the Group's exposure to risk.

Certain of these matters are expanded on below.

Financial reporting and related Board statements in 2021

We have reported to the Board on whether the Committee believes that the 31 December 2020 annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary to enable shareholders to assess the Group's performance, business model and strategy.

Our work included advising the Board on the reasonableness of the Company's viability and going concern statements therein, encompassing consideration of the potential ongoing impact of the Coronavirus pandemic on both statements and on the risks and controls of the business.

Our conclusions were affirmative in relation to the above matters.

Risk management controls and procedures review in 2020 and to date

Since the issue of last year's annual report the operational boards and management teams in Cyprus and Russia have kept us updated on the continuing evolution of the Group's framework of controls and procedures developed in response to the identified principal risks and uncertainties faced by the business. This has included further consideration of the risks and uncertainties arising as a result of the worldwide restrictions on activity arising as a result of the Coronavirus pandemic.

The updates have included receiving a summary reports and recommendations prepared by the Group's internal auditors, BDO, on the Group's HR function and on budgeting and forecasting procedures. Our Cypriot Board also updated us on the progress made on the implementation of recommendations made on our procurement procedures and on refreshing our bribery and corruption policies. The latter included virtual training courses at the end of 2020, led by a team from the law firm, BCLP, and attended by over 200 staff.

The Cypriot team are also in the process of reviewing all Group policies, including environmental and modern slavery policies following an ESG review completed by KPMG.

The Committee's conclusions from review of this information were that the controls and procedures in place remained commensurate with the principal risks appertaining to the Group's business activities.

External audit

The Committee monitors and reviews the relationship with and work carried out by the Company's external auditor on an annual basis, considering tenure, independence, objectivity, performance, effectiveness of the audit process and compensation.

Tenure, independence and objectivity

The Group's current external auditor, EY, was appointed in 2008 following a tender process and this is their twelfth year of tenure.

The Committee met, via video conferencing, with key members of the audit team at various times during the course of 2020 and into the current year, with EY formally confirming its continued independence as part of the 2020 interim review and final audit processes.

The current Chairman of the Committee also engaged with the lead audit partner outside of the formal meetings to discuss any significant issues arising during the course of the 2020 audit and to confirm that no restrictions on scope were being placed on the external auditors by management.

The Chairman was also involved in the discussions leading to the appointment of the new lead EY audit partner, following the expiry of his predecessor's five year tenure after signing the audit opinion within the 2020 annual report. The Chairman also held regular informal and impromptu meetings with the CFO and COO to run through and update them on the planned and actioned audit approach, EY's proposed fee structure and the status of the ongoing relationship with the auditors during this time of transition in personnel.

The Committee has previously actively discussed the possibility of putting the audit out to tender, as required by the EU Audit Directive, even though, as a Guernsey registered company, this is not a legal requirement. It was decided that, as a new audit partner is now taking over the engagement and there have also been changes in other senior roles within the audit team, the Committee was comfortable with EY's ongoing independence.

The Committee has recommended a resolution for the re-appointment of EY to be proposed to shareholders at the 2021 Annual General Meeting.

The Committee will continue to monitor the performance of EY and the effectiveness of the audit process and revisit the tendering position following the completion of the 2021 audit process.

External auditor performance and the effectiveness of the external audit process

Each year the external auditor prepares a detailed audit plan for the Committee's consideration and comment, which includes their materiality considerations and assessment of the key risks impacting the financial statements. The Committee ensures it understands the basis for the chosen materiality levels and actively monitors the identified risks and obtains updates from the external auditor on the status of their procedures covering these risks throughout the year.

To assist it in assessing the effectiveness of the external audit process and evaluating the performance of the auditor, the Committee also considers:

- The manner in which the external auditor proceeds with and proactively communicates on the fulfilment of the agreed audit plan and variations from it, if any;
- The quality of the external auditor's reports to the Committee, which highlight salient matters and significant issues that arose during the course of their work and presentation thereof at Committee meetings; and
- Any pertinent feedback on performance received from the Group's personnel having interactions with the audit team during the audit process.

Local statutory audits of individual subsidiary companies are also required in the jurisdictions in which the Group operates, being Guernsey, Cyprus, Russia and the UK. EY also carries out the audits required in Guernsey and Cyprus, whilst the trading entities in Russia and the UK are audited locally by Baker Tilly and Crowe U.K. LLP respectively. The Committee believes that this use of different auditors provides the opportunity for alternative perspectives on the audit process to be relayed and taken into consideration and therefore gives some valuable balance to the Group's overall audit provision.

The Committee conveyed to the Board that they were satisfied with the effectiveness of the 2020 audit process and the performance of the external auditor.

Compensation for audit and non-audit services

As well as performing the Company's external audit, EY also provides certain non-audit services to the Group.

Both the Committee and EY have policies in place restricting the provision of non-audit services and the extent to which these services are permitted is now extremely limited. The non-audit services that continue to be permissible are for assignments such as the review of the Group's interim financial statements and certain transaction advisory services. As shown in note 6(b) to the financial statements, total fees payable to EY in the year to 31 December 2020 amounted to £1.3 million, of which £0.7 million was audit services and £0.6 million was for non-audit services, principally transaction advisory services in relation to the original aborted acquisition of Invesco's share holdings and the subsequent re-designation of the Company's convertible preference shares (see note 22 to the financial statements for further information).

AUDIT COMMITTEE REPORT

The Group actively engages other firms for the provision of non-audit services, covering internal audit, due diligence, tax and other advisory projects. Firms engaged in 2020 to provide non-audit services included PWC LLP, KPMG LLP, BDO LLP and local Russian tax counsel. The aggregate fees payable to these other firms totalled £0.47 million in the year (2019: £0.4million).

The Committee has considered the aspects of the 2019 FRC Ethical Standard relating to the provision of non-audit services and believes the Group to be compliant.

External property valuations

Tenure, objectivity and independence

As with the external audit process, the Committee annually monitors and reviews the independence, objectivity and work of the Group's independent property valuers. JLL are currently engaged to perform all of the Group's property valuations for interim and year-end financial reporting purposes. JLL have acted as the Group's valuers for 13 years, with the report signatory having acted as the lead valuer of our portfolio for six years at 31 December 2020. At our request, JLL included a second report signatory from June 2020.

The Committee were comfortable with the objectivity and independence of the external valuer.

Interactions with the external valuer

The external auditor has direct access to JLL as part of the interim review and year-end audit processes. EY arranges meetings with the valuer, independently of management to discuss, and where necessary, challenge the assumptions within the property valuations.

The Chairman of the Audit Committee and other members of the Board are also invited to attend for part of these meetings to similarly discuss and challenge the valuations and to ensure that they were conducted independently, properly and could be fully supported.

The Committee also receive copies of the draft valuation reports from the valuer for final review once the above meetings have been concluded.

From time to time the Committee also has the opportunity to benchmark JLL's valuations for financial reporting purposes, as when independent valuations are required for banking purposes these are invariably undertaken by other external independent property valuation firms.

Further details of the Committee's interaction with the external valuer as part of the 2020 audit process and the conclusions from our review of their work are provided in the 'significant issues' section below.

Significant issues related to the 2020 financial statements considered by the Audit Committee

In advance of recommending the approval of the Company's 2020 annual report and financial statements the Committee considered the key accounting issues and matters of judgement set out below. In addition to these matters the independent auditor's report on pages 81 to 86 discusses other key audit matters which were also considered by the Committee.

Key matters considered and context	Committee actions and outcome
Property valuations The Group's property portfolio accounts for a large proportion of its assets and the valuation assessment is subject to a degree of judgement and assumptions. Consequently, valuation movements can have a significant impact on the Group's net asset value. The valuations of the Group's investment properties and investment properties under construction are undertaken by external valuers and are valued at fair value. The external valuers continue to use a discounted cash flow methodology for the valuations. Further details of the valuation approach are included in notes 2 and 13 to the financial statements. The land bank is carried at directors' valuation.	The Committee discussed the valuation approach with management, the external valuers and the external auditors. The auditor's valuation specialist met with the independent valuer separately and various calls and meetings between the valuer, external audit team and management have taken place. Having met with the external valuers and considered EY's assessment, the Committee is satisfied that the valuation process was conducted appropriately and is comfortable with the valuations adopted.
Foreign currency translation The Group's exchange rate risk profile has continued to diminish as its liabilities denominated in currencies other than the Rouble continue to reduce. The primary currency risk now relates to the Group's remaining Euro denominated debt and the servicing of its Sterling denominated preference shares from a predominately Rouble income base.	The Group's sensitivity to fluctuations in foreign exchange rates has continued to reduce in the year and the impact of this has been assessed in preparing the viability statement, which has been subject to review by the Committee. The Committee is satisfied that the impact of the risk is adequately addressed in the Group's forecasting procedures.

Key matters considered and context	Committee actions and outcome
Taxation The Committee considered the level of uncertain tax provisions. There were no changes to taxation legislation relevant to the 2020 results. Changes to the withholding tax regime introduced from 1 January 2021 were taken into account when considering any impact on the viability statement.	The Committee discussed the Group's tax position with management and the external auditors. The work of the Cypriot team in managing and controlling the Russian property companies and simplifying the Group's structure minimises the Group's tax risk. Changes to the withholding tax regime have been appropriately reflected in the viability statement sensitivities. The Committee is satisfied that the Group conducts its operations in accordance with existing tax legislation and provisions are sufficient.
Vexatious Court Claim The financial statements include a provision of £2.8 million in respect of a claim made by the receiver of a bankrupt tenant.	The Committee discussed the grounds that gave rise to the claim and discussed with the auditors the work that they had undertaken, including their discussions and communications with the legal counsel representing the Group. The Committee are satisfied that the claim is vexatious but given the uncertainty of the Russian court process and the advice of legal counsel, it was appropriate to make the provision in the financial statements.
Non Audit Fees Non audit fees for the year exceed the audit fee for 2020.	The Committee discussed the reasons for this, particularly fees in relation to the aborted acquisition of Invesco's shares at the beginning of the year and then the subsequent re-designation of the Company's convertible preference shares. They also noted that certain other non audit fees, such as taxation support for the Cypriot subsidiary holding company will no longer be undertaken by EY in the future. The Committee were satisfied that the quantum of fees was caused by the corporate transactions undertaken in the year and that the Group was actively managing the level of non audit fees. Discussions with the auditors also confirmed that their independence had not been compromised by the additional work undertaken in the year.
Viability statement (including the impact of the Coronavirus pandemic on the business) The viability statement stress tests the Group's financial business model. The statement has been reviewed in the context of the potential buy back of shares by the Company and the continuing worldwide impact of the Coronavirus pandemic, including the impact on oil price volatility and the uncertainty that this is causing.	The Committee discussed the sensitivities applied to the Group's forecasts for the three year period to 31 December 2023 with management, including consideration of the financial information underpinning the proposed viability statement. It was agreed that the current ongoing global situation could very well present the Group with a severe but plausible worst case scenario. After due consideration the Committee is satisfied that sensitivities applied to the business model adequately tested the Group's resilience to the current extreme situation.

Internal control and risk management systems

Responsibility and purpose

The Board has overall responsibility for the systems of internal control adopted and maintained by the Group and for reviewing their effectiveness throughout its international operations. In accordance with the guidance of the Turnbull Committee on internal controls, this is a continual process which identifies, evaluates and manages the principal risks and uncertainties that may affect the achievement of the Group's strategic objectives. The systems are designed to manage or reduce the effects of the possible risks to which the Group's activities are subject, rather than providing absolute assurance against material misstatement or loss.

Nature and consideration of risks

Consideration of risks and risk management form an integral part of the Board's deliberations and are key to its decision-making processes. There are some risks which the Board can have no control over. These are mainly overriding external risks such as those arising from economic and political factors, including market risks, sanctions imposed by governments and those arising from the current Coronavirus pandemic situation. However, the impact of such risks and effect that they have on the Group and its operations are considered and mitigated to the extent possible. The strategic decisions of the Group are adjusted to address these issues, to the extent feasible, thus ensuring that threats are minimised and any opportunities are exploited.

Key features of the Group's current risk management process

The key features of the risk management process that the Group had in place during 2020 and up to the time of issue of this report include:

- A comprehensive system of reporting and business planning;
- A defined schedule of matters reserved for the Board;
- An organisational structure chart with clearly defined levels of authority and division of responsibilities;
- Formal documented policies and procedures throughout the Group;
- An internal audit function with an approved annual work programme;
- The close involvement of the Executive Directors, the Cypriot holding company board and other members of the Group's senior management in all aspects of its day-to-day operations, including regular meetings to review all operational aspects of the business and risk management systems;
- The role of the board of the Group's Cypriot holding company in exerting proper management and control over the Group's Russian trading subsidiaries;
- The Board's review of the Group's operational and management strategies and progress against objectives throughout the year;
- A formal whistle blowing policy;
- A comprehensive and robust system of financial reporting which includes regular production of management information, such as budgets, re-forecasts, cash flows, treasury reporting and management accounts, including a review of financial KPIs; and
- A regular assessment of risks within the business at all operational levels.

The Risk Committee's remit and reporting to the Audit Committee

The Group's Risk Committee carries out the detailed review and assessment of risks associated with the business. This Committee comprises Executive Directors, Cypriot holding company directors and other members of senior management involved in managing each operating jurisdiction and department of the Group. This broad spread of engagement engenders a culture of risk assessment within the Group and reinforces the strategic objectives communicated by the Board. During the year ended 31 December 2020, the Risk Committee met 7 times, including 2 meetings to review the risks of the Covid pandemic.

The Risk Committee reports regularly to the Audit Committee on its deliberations and findings. The risks and uncertainties to which the Group is subject are reviewed and considered by the Audit Committee and the Board at regular intervals, particularly with reference to the strategic objectives of the business. The principal risks and uncertainties currently facing the Group are set out on pages 48 to 52.

The Audit Committee has reviewed the effectiveness of these systems of internal control and has reported its findings to the Board throughout 2020 and up to the date of issue of this report.

Outlook for the remainder of 2021

I look forward to the continuing challenges that the role of Chairman of the Audit Committee brings and hope that gradually over the course of the current year we will see our lives, both in and out of our respective work environments, returning to some kind of normality.

Russell Field
Chairman
Audit Committee
14 March 2021

LETTER FROM THE REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Committee, I present our report on Directors' remuneration for the year ended 31 December 2020.

Overview

This is my first letter as Chairman of the Remuneration Committee, Chris Sherwell ending his term as a non executive director at the 2020 AGM.

It has been a challenging year for the Board. It began in the middle of a corporate finance transaction to purchase the largest shareholder's ordinary and preference shares, moved into the unknown of the pandemic followed by another corporate finance transaction for the re-designation of the convertible preference shares and ended the year where we began, in the middle of a transaction to purchase our largest shareholder's ordinary and preference shares. There was also the small matter of running a property investment business in Russia, when faced with significant restrictions on international and domestic movement.

The smooth running of our operations this year has been testament to the skills of the management team and the Group's employees. Our warehouses remained open throughout lockdown, thanks to the pragmatic approach taken by our property management team and strict guidelines to avoid putting our staff and tenants at risk. Rent collections for the year have exceeded 99% and even our small office portfolio in St Petersburg has increased its occupancy levels in the year.

2020 was the final year of the Annual Performance Incentive ("API") which had been in place since 2018 and it is intended that an updated version of the scheme, covering the years 2021 to 2023, is put forward for approval at the 2021 AGM, with details of the proposed policy set out later in this report.

The longer term incentive plan, the Five Year Performance Plan ("FYPP"), remains in place until March 2023.

At the time of issuing the Group's 2019 annual results in March last year, the first lockdown had just been announced and there was great uncertainty as to how businesses would be affected by the pandemic. The Board took the sensible approach of postponing shareholder distributions and all employee bonuses, including the 2019 API, until there was greater clarity. By the time that the 2020 interim results were announced in August it was clear that our operations and cash flows remained strong and the final distribution to ordinary shareholders for 2019 was released by way of a tender offer in October.

Concurrently, it was agreed that bonuses accrued for 2019, including the 2019 API, could also be satisfied. However, given the depressed market value of ordinary shares, it was agreed with the directors and senior management that any share based bonuses due, again including the 2019 API, would be issued at the higher of the tender offer price of 36p offered to ordinary shareholders or the price at the date of the issue. This has resulted in the 2019 API being reduced by £888,000. The 2019 API will now be paid to the directors on the issue of these results.

Performance Outcomes

At the beginning of the year, the Committee agreed targets for the API, equally weighted between financial and other operating and strategic measures.

Financial Targets

These were set against the following measures with weightings shown:

- Year end occupancy levels - 10% to 30%;
- Average Rouble rents per square metre – 10% to 30%;
- Underlying earnings – 10% to 20%; and
- Asset specific refinancing – 20%.

These measures focus on the underlying Rouble operations and, primarily, support the Company's ability to fund ongoing shareholder distributions but also encourage longer term, sustainable income rather than short term targets. Each has a performance weighting applied and a floor below which no performance related award is available.

Actual results for the year are as follows:

Key performance indicator	Target	Weighting	Actual Performance	Allocation	Reward (50%)
Year end occupancy	90% to 95%	10% to 30%	94%	26%	13%
Average Rouble rent	Rub 4,700 to Rub 5,200	10% to 30%	Rub 4,973	21%	10%
Underlying earnings*	Rub 800m to Rub 1.8bn	10% to 20%	Rub 1,840bn	20%	10%
Refinancing amortisation	Rub 2,746m	20%	Rub 3,574m	20%	10%
				Total	**43%**

*before unrealised foreign exchange movements and bonus payments

The Company's results for the year are above expectation, especially given the impact of the pandemic which was unforeseen at the time of target setting and the Committee believes that the reward of 43% for financial performance is representative of the executive team's efforts in the year.

Other Operating and Strategic Targets

Measurement of these targets involves discretion from the Committee and, in particular, an assessment of the executive team's ability to deal with unforeseen events as well as the execution of planned objectives. The team's main strategic challenge since the Russian market crash in 2014/15, has been the unravelling of a significantly over rented US Dollar pegged rental portfolio, which was supporting a leveraged US Dollar balance sheet, as the market reverted to low Rouble denominated rents. The first part of the strategy was to raise finance that allowed US Dollar amortising debt to be reduced and amortisation costs halved. This was achieved by the issue of convertible preference shares, the interest only instrument reducing the cash outflow previously applied to the secured debt. The second stage was a further fund raising to support an acquisition programme designed to dampen the fall in net operating income as existing rents reverted to market levels. Next was a refinancing programme, moving away from US Dollar secured debt with the ultimate target of a Rouble denominated secured debt portfolio. Great strides have been made in achieving this. The issue of the convertible preference shares was a necessary intermediate step with the aim that the instrument would convert to equity during its term. Unfortunately, the liquidity issues suffered by two of our largest shareholders, Woodford Investment Management and latterly, Invesco, along with macro events such as the constant threat of sanctions, has meant a diversion from plan. The following sets out how the team has approached this in 2020 along with additional operational achievements.

Invesco share buy back

At the time targets were agreed at the end of 2019 we had entered into conditional terms to purchase all of Invesco's holdings in ordinary and preference shares with a credit approved loan from VTB Bank of €140 million. The impact of Covid and the ensuing collapse in oil prices and Rouble exchange rates, resulting in a drop in the market value of our listed instruments, meant that the contracts were allowed to lapse. Dialogue continued with Invesco and we now have revised contracts to purchase the majority of Invesco's ordinary shares and half of their preference shares, subject to shareholder approval, supported by the directors' own collateral and a much reduced loan facility from VTB of €60 million. The CEO and Deputy Chairman have also successfully placed the remainder of Invesco's holdings with existing shareholders and supporters, avoiding stock leaking into the market. The significant reduction in the gearing now required to complete this transaction reduces the risk to the Company's own balance sheet and benefits all stakeholders.

Convertible preference shares

As the Invesco deal reached a hiatus at the end of the first quarter of 2020, the executives' focus switched to simplifying the Company's capital structure and avoiding the potential for either a large dilution event on the conversion of convertible preference shares or a significant maturity risk if they were to run to term. This transaction had not been envisaged at the beginning of 2020 but the opportunity to restructure was identified by the CEO and Deputy Chairman through discussions with the largest holders of ordinary and preference shares. The subsequent re-designation of the convertible preference shares has simplified the Company's capital structure, strengthened the balance sheet and dealt with the uncertainty that would have been created by the convertible preference shares as they neared maturity.

Foreign exchange management

The longer term strategy of converting foreign exchange liabilities to Roubles continues in parallel with the exercise of moving loan facilities onshore. We are also now approaching the end of the unwinding of legacy, over rented, foreign exchange pegged leases while maintaining strong cash flows and profitability. Foreign currency leases now account for only 11% of the portfolio and Rouble debt facilities, 60% of secured debt. The debt team have completed numerous re-financings this year, generating almost Rub 4 billion of additional funds but also accelerating the movement of facilities onshore. This has involved two years of developing a Russian law facility agreement that mirrors the borrower safeguards afforded by an English law document. This has now been used with all three of our major Russian financing banks.

Trading through Covid

The business has successfully navigated the risks of Covid so far and occupancy has increased through the efforts of the property management and leasing teams, including securing a ten year lease for over 100,000sqm of space in one transaction. Our office portfolio has increased occupancy levels despite the pandemic. Rent collections have exceeded 99% of rents due in the year.

ESG

An ESG committee was set up during the year and a review undertaken by KPMG. The Annual Report now contains a report with significantly more substance on ESG matters and a number of firm targets, including the roll out of energy saving LED lighting across the portfolio, building a solar panel installation in Rostov and moving to hydro electric power where possible. A number of social initiatives are also underway, supported by a stronger HR function following the recruitment of HR professionals in Cyprus and Russia and overseen by the head of HR in Guernsey.

Remuneration Decisions

The team have undertaken some bold, strategic moves during 2020. The significant reduction in gearing required to support the purchase of the Invesco share overhang is a significant win for the Company, underpinned by the tireless work of the Deputy Chairman and CEO in securing support from existing shareholders and placing part of the purchase.

The re-designation of the convertible preference shares in September was something that nobody had foreseen at the beginning of the year and dealt with a significant part of the Group strategy with minimal dilution to the ordinary shares whilst maintaining the coupon enjoyed by the holders of the convertible shares.

In the opinion of the Remuneration Committee, these two events alone merit a full award of the strategic targets of the API.

These decisions in sum mean that a total award of 93% would be made under the API for 2020.

However, the Committee and the executive team are cognisant that the macro economic environment has depressed our Sterling returns and the returns of our shareholders. With this in mind the following has been agreed as final awards for 2020:

- For Glyn Hirsch and Anton Bilton it has been agreed that they will waive 50% of their entitlement, their award then limited to 46.5% of the target. The amount will be awarded in cash but only paid on the successful completion of the Invesco buy back transaction. As cash awards under the API are limited to 50% of basic salary, each will be eligible for a bonus equivalent of 23.25% of their basic salary on the completion of the Invesco transaction;
- For Colin Smith and Mark Sinclair, the Committee commended their exceptional efforts in managing the various corporate finance transactions in the year whilst continuing with their operational activities. Again, although they are eligible for the 93% award up to a maximum of either 50% of their basic salary in cash or 175% of basic salary in shares, the award for both has been capped at £300,000 to be taken in preference shares. This is the equivalent of an award of 80% of basic salary for Mark Sinclair and 90% for Colin Smith rather than the 163% that would have been available under the API; and
- The Committee has also agreed that it is appropriate to increase Colin Smith's basic salary to £380,000 per annum as the current gap in salary to the other executives does not reflect his contribution to the business.

Bonus awards are therefore allocated as follows:

Anton Bilton	£140,430
Glyn Hirsch	£140,430
Colin Smith	£300,000
Mark Sinclair	£300,000

Five Year Performance Plan

In accordance with the rules of the FYPP, total shareholder return for the period from 31 March 2018 to 31 December 2019 was 4.4%, which is in excess of the minimum threshold for vesting. As a consequence a provision of £1.8 million has been made in the year to 31 December 2019 for ordinary shares that may ultimately vest in March 2023.

In addition, the Committee has agreed to amend the rules of the FYPP to allow the Executive team to use shares allocated to the Scheme as security in the upcoming Invesco share buy back as the shares are being offered as security to the Company rather than a third party.

Remuneration Policy for the Period 1 January 2021 to 31 December 2023

Due to the uncertainties of the pandemic at the time of issuing our 2019 Annual Report, the decision was taken to delay presenting a new remuneration policy to shareholders for the period to 31 December 2023. We are now proposing a new policy for approval at the upcoming AGM. Our intention is to keep the policy simple and transparent.

Basic Salary, Benefits and Pension Contribution

We are not intending to make any change to the existing policy, with basic salary increases limited to UK RPI, unless, as was the case this year, there is a specific reason for a variation to this policy. Company funded pension contributions of 10% of basic salary and other customary benefits such as life and health insurance remain as before.

Annual Performance Incentive ("API")

We also propose continuing with the API as a bonus scheme for the Executive Directors. Annual bonuses will be available at the discretion of the Remuneration Committee based on a framework of performance criteria agreed at the beginning of each financial year. Any bonus awarded can be paid in either cash or in listed securities of the Company (but not both) at the election of each Executive Director. In each case, the maximum award available will be 100% of basic salary. This compares to the previous API where the maximum award was 50% of basic salary if taken in cash or 175% of basic salary if taken in shares.

Other than disposals made to satisfy tax liabilities arising on the bonus, listed securities received by the Executive Directors in respect of annual bonuses must be held for at least three years from receipt.

Should the policy be approved it is intended that the performance criteria for 2021 will be allocated with reference to financial targets only. Having discussed the proposed policy with shareholders and listened to feedback received following the vote on the remuneration report at the 2019 AGM, we understand shareholder concerns that the previous API had an upper level award for shares that some felt was too high and that the award for strategic achievements lacked clarity, leaving the bonus award too open to discretion. The financial targets, will be set before the beginning of each year as part of the budgeting process and disclosed in the Remuneration Report. For 2021 the targets again focus on: occupancy levels and the level of average rental levels per sqm, both supporting the sustainability of our income; Rouble denominated underlying earnings before unrealised foreign exchange movements and bonus provisions; and our ability to refinance our investment property portfolio. The last two criteria support our ability to make distributions to our ordinary shareholders. No allocation is available below the lower levels of the targets.

The proposed financial targets for 2021 are:

Key performance indicator	Target	Weighting
Year end occupancy	90% to 95%	10% to 30%
Average Rouble rent	Rub 4,800 to Rub 5,200	10% to 30%
Underlying earnings*	Rub 1.0bn to Rub 1.8bn	10% to 20%
Refinancing amortisation	Rub 2,600m (est)	20%

*before unrealised foreign exchange movements and bonus payments

These targets take account of the impact of the unwinding of the last of the currency leases when compared to the actual results for 2020.

As the FYPP remains in place until the issue of the 2022 Annual Report, no changes to the long term incentive scheme is required at this time.

Michael Hough
Chairman
Remuneration Committee
14 March 2021

DIRECTORS' REMUNERATION REPORT (UNAUDITED)

Introduction

Composition

The Remuneration Committee comprises, Russell Field, Sir Richard Jewson, David Moore and Michael Hough, who is Chairman.

Policy

Our Directors' Remuneration Policy (the "Policy") is unchanged from that approved by shareholders at the 2017 Annual General Meeting on 12 July 2017. A summary of the key elements of executive remuneration for 2020, as set out under the Policy are as follows:

Fixed elements	Basic salary Benefits Pension contributions
Variable elements	Annual Performance Incentive Five Year Performance Plan

Full details of the Policy were included in the 2017 Annual Report and can also be found on our website. Details of the proposed policy for 2021 to 2023 can be found later in this report.

Recruitment and Exit Policies

Summary details of the Executive Directors' and Non-Executive Directors' service contracts are given later in this report. Recruitment of new Directors would be based on the same terms as the existing service contracts. No additional remuneration would be offered as an incentive to join and the composition of remuneration would be based on the same components as existing Directors.

Exit policies for the elements of remuneration are summarised in the table below:

Component	Good leaver*	Bad leaver*	Change of control
Basic salary and benefits	12 months notice period.	No notice period or payment in lieu of notice.	150% of the normal notice provisions for basic salary.
Annual Performance Incentive	Pro rata payment based on the performance in the period to leaving at the discretion of the Remuneration Committee	No award	Pro rata payment based on performance in the period to change of control at the discretion of the Remuneration Committee.
Five Year Performance Plan	Will receive the return of their invested securities together with a scaled back return, the amount of which will be at the discretion of the Remuneration Committee.	Will receive the return of their invested securities only.	The annual compound TSR will be calculated and measured between 31 March 2018 and the date of the change of control takes effect with entitlements vesting to the extent that such annual compound TSR is between 4 and 12%.

*Bad leaver provisions relate to termination of employment for the reason of gross misconduct including breach of obligation, bankruptcy and disqualification as a director. A good leaver covers all other circumstances.

Shareholder views

The view of major shareholders is sought prior to any significant change to the Directors' Remuneration Policy.

Summary of remuneration for the year ended 31 December 2020

In this section we summarise the remuneration packages for the Executive Directors. A total remuneration cost is shown for each Director.

				2020 API [3]			
2020	Basic salary £'000	Benefits [1] £'000	Pensions [2] £'000	Cash £'000	Shares £'000	Total £'000	
G Hirsch	604	47	60	140	–	851	
A Bilton	604	45	60	140	–	849	
M Sinclair	377	22	38	–	300	737	
C Smith	334	25	33	–	300	692	

				2019 API [4]			
2019	Basic salary £'000	Benefits [1] £'000	Pensions [2] £'000	Cash £'000	Shares £'000	2016 Retention Scheme [5] £'000	Total £'000
G Hirsch	595	41	60	–	706	1,024	2,426
A Bilton	595	47	60	–	706	1,024	2,432
M Sinclair	372	22	37	–	441	639	1,511
C Smith	329	24	33	–	390	566	1,342

1. Benefits include health cover and insurance, subscriptions and gym memberships. These are not performance related. They have been calculated based on the cost to the Group of the related premiums and subscriptions payable.
2. Pensions are cash payments made to Executive Directors, either directly or to their personal pension plan.
3. Details of the targets and the performance outcomes are detailed and explained in the Letter from the Remuneration Committee.
4. As set out in the 2020 AGM circular the Executive Directors agreed to defer receipt of their 2019 API. As at the date of this report the awards have yet to be settled. Accordingly the amounts shown are provisional based on the number of ordinary shares due and the average ordinary share price for the 30 days prior to 31 December 2020.
5. This was a long term incentive scheme and the final tranche vested on 31 March 2019. The amount shown includes dividends rolled up during the vesting period.

Five Year Performance Plan ("FYPP")

The FYPP is a long term incentive scheme with 6 participants; the 4 executive directors and 2 senior managers. The scheme allows each participant to invest into the FYPP a number of listed 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 Plan will vest in full and a sliding scale will apply for a TSR between 4% and 12%.

The table below sets out the securities invested by each Executive Director in the FYPP. These investments were made on 31 December 2019.

	Securities invested [1]		
Director	No of ordinary shares	No of preference shares	Initial prescribed value £'000
G Hirsch	1,001,347	1,025,505	2,000
A Bilton	1,001,347	1,025,505	2,000
M Sinclair	1,041,424	998,016	2,000
C Smith	1,094,415	902,389	1,900

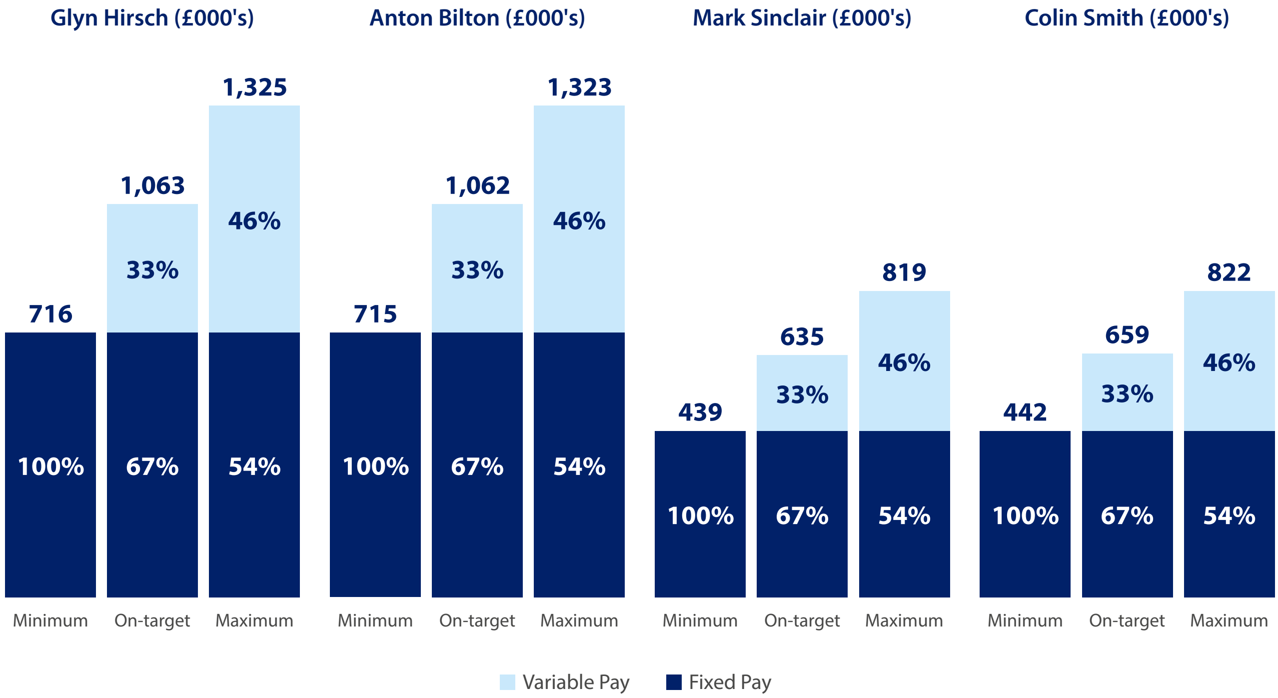
(1) Includes ordinary and preference shares held by trusts or pensions schemes where the individual or close family members are beneficiaries. Amounts shown reflect the position subsequent to the re-designation of convertible preference shares and after participation in tender offer buy backs of ordinary shares.

The starting price for the FYPP TSR calculations is 47.7p, the highest 30 day ordinary share price in the period to 31 December 2020 is 49.96p and there have been ordinary distributions equivalent to 9.19p. This results in a compounded return of 4.4%.

Summary of remuneration for the year ended 31 December 2020

	Purpose and link to strategy	Operation	Opportunity	Performance metrics	Discretion applied
Basic salary	To retain, attract and motivate the right people for our business.	Salaries are reviewed annually and fixed for the calendar year reflecting: • the experience and responsibilities of each individual; • market comparators for listed companies; and • percentage increases in base salary for the Group as a whole.	Executive Directors' basic salary increases have been held to a maximum of UK RPI since 2012	None	None
Benefits	To promote the well-being of Executives.	Benefits are limited to life insurance, private healthcare and reimbursement of all professional and business subscriptions and membership fees including gym membership fees.	None	None	None
Pension	To reward continuing service.	A contribution is made for personal pension arrangements. Pension contributions are held at the lower end of listed company comparators.	Contributions of 10% of basic salary are made each year.	None	None
Annual Performance Incentive	A simple method to allow the Remuneration Committee to reward managements' performance in the year.	An annual bonus payable in cash or shares of the Company. Other than disposals made to satisfy tax liabilities arising on the bonus, shares must be held for at least three years from the date of receipt.	A maximum of 100% of basic salary.	At the discretion of the Remuneration Committee based on a framework of performance criteria agreed at the beginning of each financial year.	At the discretion of the Remuneration Committee based on a framework of performance criteria agreed at the beginning of each financial year.
Five Year Performance Plan	A long term incentive scheme designed to encourage share ownership and to directly align participants' interests with ordinary shareholders.	The Plan allows each Executive Director to invest into the Plan a number of listed securities in the Company that they held. Each participant was allowed to invest into the Plan listed share up to a value of £2 million. Any shares so invested must continue to be retained by the relevant participant until 31 March 2023. On 31 March 2023, based on annual compound TSR calculations, the participants will be entitled to up to three times the value of the shares invested in the Plan. Vested entitlements would be settled in the Company's ordinary shares with a value based on the calendar month average ordinary share price for March 2023.	Up to three times the value of shares invested.	TSR calculations will be based on the comparison of the average ordinary share price for the period from 12 July 2017 (the date of the Company's 2017 AGM) and 31 March 2018 to the highest 30 dealing day average ordinary share price achieved in the period from 1 April 2018 to 31 March 2023. Below an annual compound equivalent TSR of 4% the Plan would lapse; At an annual compound TSR of 12% and above the Plan would vest at the maximum value; and A sliding scale would operate for an annual compound TSR of between 4% and 12%.	None

The bar charts below show the potential remuneration which each Executive Director could receive if the proposed Remuneration Policy is approved at the 2021 AGM and if performance in 2021 was below target thresholds, if performance was in line with expectations and the maximum that could be received if expectations are exceeded.



Interests of Executive and Non-Executive Directors in Ordinary Shares, Preference Shares and Convertible Preference Shares

The beneficial interests of the Directors in office at 31 December 2020 in the Ordinary Shares, Preference Shares and, Convertible Preference Shares of the Company, both at the beginning and the end of the year, are set out below. There have been no changes since 31 December 2020.

Director	Number of Ordinary Shares 31/12/20	Number of Preference Shares 31/12/20
R Jewson	204,779	75,460
G Hirsch [(1)]	8,049,324	3,679,830
A Bilton [(1)]	40,543,702	6,162,188
M Sinclair [(1)]	3,143,346	1,291,305
C Smith [(1)]	1,212,726	904,198
D Moore	222,501	14,172
M Hough	–	–
R Field	20,000	–
P Swire	–	–
	53,396,378	**12,127,153**

Director	Number of Ordinary Shares 31/12/19	Number of Preference Shares 31/12/19	Number of Convertible Preference Shares 31/12/19 (2)
R Jewson	218,429	75,460	–
G Hirsch (1)	6,959,390	2,219,595	2,496,556
A Bilton (1)	41,620,058	4,953,355	2,496,556
M Sinclair (1)	2,761,976	762,462	904,162
C Smith (1)	831,504	505,530	681,604
D Moore	222,501	14,172	–
M Hough	–	–	–
R Field (3)	20,000	–	–
P Swire (3)	–	–	–
	52,633,858	**8,530,574**	**6,578,878**

(1) Includes ordinary, preference and convertible preference shares held by trusts or pensions schemes where the individual or close family members are beneficiaries.
(2) The Convertible Preference Shares were re-designated into Ordinary and Preference Shares on 30 September 2020.
(3) Appointed to the Board on 21 October 2020.

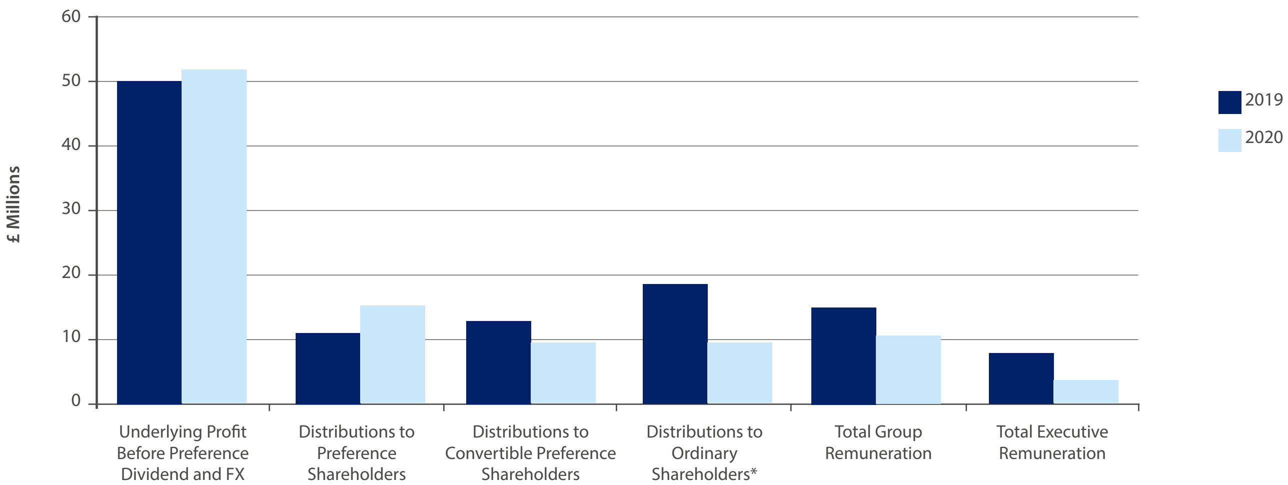
Non Executive Directors

The fees for Non Executive Directors are determined by the executives. No Non Executive Director is entitled to any form of performance related remuneration, including share options. Fees paid in the year were as follows:

Director	2020 £'000	2019 £'000
R Jewson	113	113
D Moore	48	48
C Sherwell	26	50
M Hough	51	49
R Field	10	–
P Swire	9	–
	257	**260**

Relative spend on pay

The chart below shows the comparison between total executive remuneration, total Group remuneration, distributions to all classes of shareholder and underlying profitability.



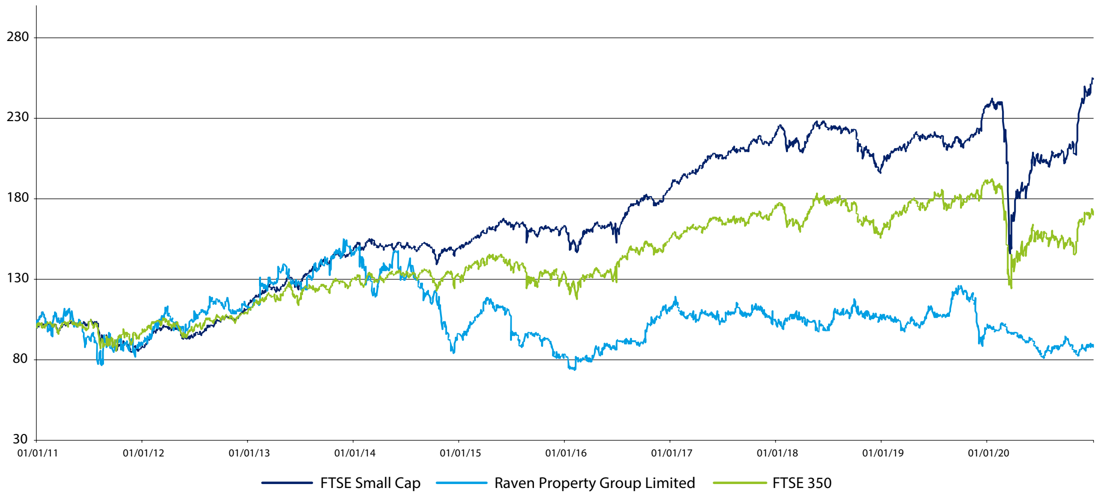
*only includes tender offers made in the calendar year. Ignores distributions under the law for share buy backs from Invesco/Woodford.

Underlying profitability before preference dividends shows the profits from operations after all remuneration and demonstrates how this profit has been distributed to shareholders. These distributions are compared to total pay and Director pay.

CEO remuneration package

The table below summarises Glyn Hirsch's total remuneration over the last ten years.

Year	Total cash remuneration £'000	Share-based remuneration £'000	Total £'000
2020	852	–	852
2019	696	1,729	2,425
2018	680	–	680
2017	661	1,227	1,888
2016	636	1,247	1,883
2015	623	160	783
2014	615	865	1,480
2013	598	1,075	1,673
2012	576	1,106	1,682
2011	804	424	1,228



The graph above shows the performance of the Group's ordinary shares over the last ten years versus FTSE Small Cap and FTSE 350 indices. The divergence from the indices corresponds to the Russian market crash in 2014/15.

Salaries and fees for 2021

The contractual arrangements for 2021 are:

Directors	Salary or Fee £'000	Appointment Date	Unexpired term	Notice periods	Contractual termination payment
R Jewson	113	29.06.07	Rolling Contract	3 months	No provision for payment on termination
D Moore	48	04.07.05			
M Hough	50	09.10.18			
R Field	50	21.10.20			
P Swire	48	21.10.20			
G Hirsch	609	27.11.08	Rolling Contract	12 months	Payment of 12 months salary and benefits on termination
A Bilton	609	27.11.08			
M Sinclair	380	23.03.09			
C Smith	380	14.11.08			

At the 2020 Annual General Meeting the Remuneration Report was subject to an advisory vote. The table below sets out the result of the vote.

Resolution	For		Against		Number of votes withheld	Total votes cast
	Number of votes	%	Number of votes	%		
To approve the Directors' Remuneration Report	132,521,060	73.60%	47,539,757	26.40%	229,604,482	180,060,817

Michael Hough
Chairman
Remuneration Committee
14 March 2021

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2020.

Principal activity

The Company is a Guernsey registered company with registration number 43371 and during the year carried on business as a property investment company.

Business review

A review of the development of the Group's business during the year, the principal risks and uncertainties facing the Group and its future prospects are included in the Chairman's Message and the Strategic Report which should be read in conjunction with this report.

Results and dividends

The results for the year are set out in the attached financial statements.

The Company did not make an interim distribution in the year (2019: Distribution of 1.25p by way tender offer 1 share in every 44 at 55p). The Directors are intending to recommend a final distribution of 1.25p by way of a tender offer of 1 share in every 32 at 40p (2019: distribution of 2.25p by way of tender offer of 1 share in every 16 at 36p).

Directors

The Directors, who served during the year, were as follows:
Sir Richard Jewson (Non Executive Chairman)
Anton Bilton (Executive Deputy Chairman)
Glyn Hirsch (Chief Executive Officer)
Mark Sinclair (Chief Financial Officer)
Colin Smith (Chief Operating Officer)
Christopher Sherwell (Senior Independent Non Executive Director) resigned at the 2020 Annual General Meeting held on 6 July 2020
Michael Hough (Senior independent Non Executive Director)
Russell Field (Independent Non Executive Director) – appointed 21 October 2020
David Moore (Independent Non Executive Director)
Phillip Swire (Independent Non Executive Director) – appointed 21 October 2020

Following the provisions of the UK Corporate Governance Code, all the Directors shall be subject to annual re-appointment by shareholders at the Annual General Meeting of the Company.

Details of the Directors' remuneration and shareholdings are included within the Remuneration Report.

Substantial shareholdings

The Company has been notified of shareholders, other than Directors, holding 3% or more of the ordinary shares as follows:

Ordinary Shares of £0.01

Name of holder	Number held 31 December 2020	% of share capital	Number held 26 February 2021	% of share capital
Invesco Perpetual	156,674,424	26.77	156,674,424	26.77
Quilter Investors	97,666,603	16.69	97,666,603	16.69
Schroder Investment Management	54,832,739	9.37	54,832,739	9.37
JO Hambro Capital Management	47,478,909	8.11	47,478,909	8.11
Progressive Capital Partners	21,132,493	3.61	21,132,493	3.61

Purchase of own shares

The Company was granted authority at the 2020 AGM to make market purchases of its own ordinary and preference shares. This authority will expire on 5 October 2021. A resolution will be proposed at the 2021 AGM to renew this authority.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Going Concern

The financial position of the Group, its cash flows, liquidity and borrowings and the impact of Covid-19 are described in the Finance Review section of the Strategic Report. 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, a full working capital exercise is undertaken in support of certain shareholder communications, as was the case on the issue of a prospectus in the second half of 2020.

As explained in the Viability Statement, the base case for all of these models assumes market norms prevail as supported by the latest economic forecasts. This case is then stress tested for the key financial risks that the business faces and then any mitigating actions within the Board's control are applied to the stress test model. In reviewing the going concern basis of the Group, the Board has considered the following:

- The high level of rent collections during lockdown and subsequently. The Group recovered over 99% of rents due in 2020 and has continued to do so in 2021. Occupancy increased to 94% at the year end, dropping back to 91% on the maturity of short term leases at the beginning of March. Letters of intent on a further 2% of space are currently being negotiated. With average weighted lease terms of over 4 years currently, income streams over the periods that we forecast in the various scenarios have a strong, contractual base;
- Finance facility covenant headroom after applying sensitivities. Our secured finance facilities are amortising and therefore reduce each quarter. DSCR covenants are set at around 1.2 times and LTV ratios between 60% and 80% dependent on the facility. Covenant cover on both is comfortable, the average secured LTV ratio at the year end reaching 56% on weak exchange rates. Covenants are sensitive to exchange rates as we have an element of Euro denominated debt supported by Rouble denominated income. We continue to reduce our exposure to Euro debt as this is amortised at an accelerated rate compared to the Rouble element and, as we refinance facilities, we are moving to a greater proportion of Rouble debt. Each of our facilities also has the option of placing funds on deposit to temporarily cure any potential covenant breaches. This allows smaller, marginal amounts of funds to be used to maintain covenant levels while ongoing amortisation or letting activity resets covenant levels. Deposits are then released back to the Company. The stress test modelled shows a low value covenant breach which can be remedied;
- The potential impact on speculative warehouse letting income should demand decline. For those assets with lease maturities arising in the forecast period we consider the impact of extended void periods if the premises are vacated;
- The impact of a continued period of foreign exchange weakness. The Rouble has suffered its weakest levels of average exchange rates against the other principal currencies that impact the Group. Our sensitivities assume that this continues over the forecast periods we review, which implies a continuation of the low oil price and low inflation environment of 2020. This increases the cost of our Euro debt service, sterling preference shares and to a lesser extent, our Sterling and Euro overheads in the context of our Rouble denominated income;
- The impact of increases in key interest rate. We consider the impact of increases in the CBR key interest rate. Given the CBR focuses on inflation levels as a driver for key rate management, this would imply an increase in inflation rates and a strengthening of the Rouble over the period. As our rental contracts are all index linked we would get a compensating increase in income over the forecast period. In a worst case scenario, we therefore focus on a weak exchange rate scenario as the key sensitivity as this does not have the same compensation at income level;
- The availability of finance. Given the amortising profile of our secured debt facilities we are continuously refinancing our portfolio. One of the key performance indicators supporting our annual performance incentive is the ability to refinance at least our annual debt amortisation charge. Since the year end, we have refinanced two assets with the incumbent funding banks, drawing an additional Rub350 million on one

facility and we are in the process of completing a draw of R1,500 million on the second. We are well into our refinancing programme for the year. In considering sensitised forecasts we assume that availability of finance becomes more limited in the future although no uncommitted financing is required to support the going concern assumption. Given the amortisation profile of our facilities, that does result in a reduction in debt levels over the forecast period;

- Increased cost of tax. With the changes introduced to the double tax treaty between Russia and Cyprus, increasing the withholding tax burden, our sensitised models reflect the increased cost of funds movements between our Russian subsidiaries and Cypriot holding company; and
- Share buy back. The introduction of a €60 million corporate loan to support the share buy back transaction as disclosed in note 36 to the financial statements has been considered in our forecasts. As the loan will be used in the purchase of 32.5 million of the Company's preference shares, Group cash flows are, at worst, neutral during the forecast period. The impact on loan covenants has been reviewed as part of all forecast scenarios;

Given the Group's healthy cash levels, the fact that there are no debt facilities maturing in the near term, the sector's resilience during the pandemic and after applying severe but credible sensitivities to the Group's forecasts, for the period from the date of this report to 31 December 2022, the Group maintains liquidity throughout the going concern period.

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 financial statements.

Directors' responsibilities

Guernsey company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group at the end of the year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and IFRS as adopted by the EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken the appropriate steps expected of a Director to ensure that this is the case.

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 2020.

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 14 March 2021 and is signed on its behalf by:

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Raven Property Group Limited

Opinion

We have audited the financial statements of Raven Property Group Limited and its subsidiaries (the "Group") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 36, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk around going concern at the interim review and again at the planning and year-end phases of the audit;
- We considered the adequacy of the model used, observing it is a detailed cashflow projection built from the bottom up and a suitable basis for a Going Concern assessment;
- We inspected the cash flow forecasts prepared by management to support their going concern conclusion for the going concern period to 31 December 2022. As part of this we have checked the arithmetical accuracy of the cash flow forecast models;
- We challenged management on the appropriateness of the key assumptions (including vacancy rates, future rents, void periods, foreign exchange rates, interest rates and the related impact of these on the Group's debt covenants) by performing the following:
  - Comparing the contracted rent at 31 December 2020 to the rent assumed over the rest of forecast period;
  - Identifying the amounts related to speculative lettings as part of the assessment and performing further sensitivity analysis on this assumption (as described below); and
  - Using independent data regarding future foreign exchange rates and interest rates to compare with management's;
- We assessed the accuracy of management forecasting by comparing forecasts made in prior periods to actual outcomes;
- We have understood the potential impact of the Covid-19 pandemic on the Group in regard to the going concern position, including the impact of oil price volatility, the impact on exchange rates, the impact on tenants and warehouse demand, and the impact of any tenant defaults. We applied sensitivities to test resilience;
- We considered the cash implications of the double tax treaty between Russia and Cyprus leading to higher withholding tax;
- We tested the sensitivity analysis prepared by management, reperforming the calculations and performing further sensitivity analysis on the key assumptions noted above;
- We obtained and read the loan agreements to confirm that maturity dates and covenants are consistent with those used by management in their forecasts;
- We obtained and reperformed the covenant calculations for 31 December 2020 and agreed the inputs used to supporting evidence such as valuations or audited net operating income figures;
- We obtained the maturity profile of the Group's debt and assessed the impact on the Going Concern assumption; and
- We obtained the covenant forecasts for the period to December 2022, and corroborated assumptions with loan agreements and concluded on the potential effect of any expected breaches based on forecast rental incomes compared to debt financing costs. The cash cure impact of any breaches has been considered as part of our sensitivity analysis;

- We assessed the accuracy and appropriateness of management's disclosure in the Directors' Report and the Going Concern basis of preparation note.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern over a period to 31 December 2022 from when the financial statements are authorised for issue.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• The Group has operations in Russia, Cyprus, the United Kingdom and Guernsey. Our testing has been performed on a consolidated basis using thresholds which are determined with reference to the Group performance materiality and the risks of material misstatement identified. • In a change in approach from the prior year, work has been performed by an integrated audit team based in the UK using overseas team members as required, meaning component team reporting has not been relied upon. • This has led to full scope procedures being performed across the Group by a central team, with no requirement to assign specific scope procedures to any given component or location.
Key audit matters	• Economic and financial uncertainties in Russia and their impact • Misstatement of the fair value of investment properties and investment properties under construction • Revenue recognition with respect to rental revenue, service charge income and logistics income .
Materiality	• Overall Group materiality of £12.3m which represents 1% of total assets and specific materiality of £4.4m which represents 5% of underlying operating profit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee

Economic and financial uncertainties in Russia and their impact
 	
The current geopolitical situation remains an important area of focus for the Group and our audit.
 	
Continuing political and economic tension between the US, EU and Russia, together with movements in the oil price and foreign exchange rate, have resulted in continuing economic uncertainty.
 	
Business practice in Russia may differ from business practices in more closely regulated economies. There is a risk that inappropriate inducements may be sought by third parties which may be undetected by the board and management. Areas where inappropriate payments may be made include: payments to secure favourable development land; payments for planning permits; construction payments; payments to resolve ongoing litigations; or payments in connection with the acquisition or disposal of assets.
	We performed the following audit procedures around the impact of uncertainties over the current economic environment in Russia:
	
	We updated our understanding of the current economic environment in Russia through:
	
	• Discussions with JLL, the Group's valuers to understand their point of view on the warehouse market including rental tones and capital rates;
	• Use of EY real estate valuation specialists in Russia and the UK to understand their point of view on the warehouse market and to corroborate management's investment property valuation assessment;
	• Use of EY tax specialists in Russia and the UK to identify tax regulatory change and to assess how this impacts the provision for tax positions;
	• Undertaking press searches in Russia and the UK and reviewing economic forecasts.
	
	We performed the following audit procedures around the potential risk of inducement payments to third parties:
	
	• We held fraud discussions with Raven staff of various levels and also with the audit committee, throughout the audit. We enquired with management as to whether they were aware of any evidence of fraud, or were aware of any whistle blowing or instances of any non-compliance with laws and regulations;
	• We confirmed our understanding of the controls in place to prevent and detect transactions involving inducement payments by performing walkthroughs;
	• In addition, we tested on a sample basis (based on material items and a random sample):
	  • payments made in respect of capital expenditure; and
	  • other payments to determine whether they have a valid business purpose and were on an arm's length basis.
		We have completed the additional procedures we designed in order to respond to the heightened political and economic uncertainty in Russia.
		
		We have no significant findings to report from the completion of these procedures. We conclude that the balances and disclosures in the financial statements and notes thereto, appropriately reflect the risk factors identified.
		
		As a result of the procedures performed in relation to the provision for uncertain tax positions, we concluded that

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee

Changes to the tax rules in Russia and the inconsistent enforcement of these by the Courts results in uncertainty over the Group's tax positions. Tax inspections and enquiries by the Russian Tax Authorities into certain structures in the Group expose the Group to a significant risk of uncertain tax positions. The Group have recognised a provision for uncertain tax positions of £3.7m.
 	
Overall this risk level is consistent with the prior year in terms of the impact on the Group's financial statements.
 	
Given the continued uncertainty surrounding the potential impact of Covid 19 pandemic and the subsequent oil price volatility we have also considered the impact of Covid 19 pandemic on the Group in regard to going concern position. 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 company's 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.
	We performed procedures to assess the Group's compliance with applicable laws and regulations:
	
	• We performed the following audit procedures around the impact of uncertainties over the current economic environment in Russia:
	• We updated our understanding of the current economic environment in Russia through:
	• Discussions with JLL, the Group's valuers to understand their point of view on the warehouse market including rental tones and capital rates;
	• Use of EY real estate valuation specialists in Russia and the UK to understand their point of view on the warehouse market and to corroborate management's investment property valuation assessment;
	• Use of EY tax specialists in Russia and the UK to identify tax regulatory change and to assess how this impacts the provision for tax positions;
	• Undertaking press searches in Russia and the UK and reviewing economic forecasts.
	• We performed the following audit procedures around the potential risk of inducement payments to third parties:
	• We held fraud discussions with Raven staff of various levels and also with the audit committee, throughout the audit. We enquired with management as to whether they were aware of any evidence of fraud, or were aware of any whistle blowing or instances of any non-compliance with laws and regulations;
	• We confirmed our understanding of the controls in place to prevent and detect transactions involving inducement payments by performing walkthroughs;
	• In addition, we tested on a sample basis (based on material items and a random sample):
	  • payments made in respect of capital expenditure; and
	  • other payments to determine whether they have a valid business purpose and were on an arm's length basis.
	• We performed procedures to assess the Group's compliance with applicable laws and regulations:
	• We performed a search for sanctions, including government websites, and included searches on the Group's largest tenants to identify whether they impacted the Group, management or counterparties of the Group including banks or customers;
	• We obtained and read correspondence with regulatory bodies and the Group during the year.
	• We held discussions with the Company's external legal counsel to challenge the circumstances surrounding a £2.8m legal provision recorded in the year;
	• We performed the following audit procedures around the uncertain tax positions arising from the tax laws in Russia;
	• We agreed the fact pattern for tax balances to correspondence with the tax authorities;
	• Considered the results from recent tax inspections to identify evidence which should be considered, or is contradictory, with any on-going tax inspections;
	• Enquired with management about their response to the tax authorities and their assessment of the potential exposure;
	• Obtained management's calculation of the provision for uncertain tax positions and using our tax specialists in Russia and the UK, we discussed and challenged management's provision. This included reperforming the calculation and agreeing inputs to the calculation to supporting evidence; and
	• We inspected recent court cases and challenges by the tax authority to determine if the risk assessment made by management is appropriate.
	
	We have reviewed the disclosures made in notes 2, 3 and 8 regarding the uncertain tax provision. The whole Group was subject to full scope audit procedures over the risk.
		the uncertain tax provisions and related disclosures have been appropriately recognised in accordance to the Group's accounting policy and IFRS.

Misstatement of the fair value of investment properties and investment properties under construction Material misstatements that could occur in relation to this risk would primarily affect the investment property and investment property under construction balance at year end. This account has a £1,089m balance in the 2020 Group balance sheet (2019: £1,338m). The valuation of investment property and investment property under construction requires significant judgements and estimates by management's external valuer	We performed the following audit procedures around the valuation of investment properties and investment properties under construction: • We performed the following audit procedures around the valuation of investment properties and investment properties under construction: • We documented and assessed the adequacy of the Group's valuation process and controls over data used in the valuation of its property portfolio. • We performed testing over source documentation provided by the Group to the external valuer. On a sample basis, we inspected lease agreements and agreed the key terms to the tenancy schedule provided to the valuer; • For a sample of properties our EY's real estate valuation experts performed physical site visits to see if the occupancy matches that presented in the tenancy schedule. We also inspected the asset to determine if the overall condition of the asset aligns to that stated in the external valuer's report. • We assessed the competence, capabilities and objectivity of the external valuer. This included having virtual meetings with JLL, with management absent, and understanding the internal control quality procedures undertaken by JLL to ensure quality and independence in their reporting to management. • For a sample of the Group's investment property and investment property under construction, we performed testing on the valuations performed by the external valuer.	We have completed our planned audit procedures over the valuation of investment property and investment property under construction. We have no significant findings to report from the completion of these procedures. We conclude that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
(Jones Lang LaSalle (JLL)). There is a risk that management may manipulate the property valuations by exerting influence over the valuers in order to meet shareholder expectations. This estimate is impacted by the uncertainties over the current economic environment in Russia, as described above. The current real estate market in Russia is characterised by limited capital transactions, and the valuation of investment properties remains an area of significant estimation.	This sample tested represented 68% of the total value of investment property and investment property under construction. • With the support of EY's real estate valuation experts in Russia and the UK, we assessed the valuation approach and the assumptions made by the external valuer and the directors in performing their valuation of each property against industry benchmarks. The key assumptions included estimated rental values, discount rates, yields, indexations, vacancy/void periods and other assumptions that impact the fair value; • For the remaining properties comprising 32% of the valuation, we conducted analytical procedures on the movement in the valuation of each property compared to the prior year by reference to external market data to evaluate the appropriateness of the valuations adopted by the Group. • We assessed the adequacy of the disclosures of estimates in note 2 and valuation assumptions in note 13 that were made in accordance with IFRS 13 – Fair Value Measurement. We performed full scope audit procedures over the valuation of all investment properties and investment properties under construction.	We have concluded that the assessment of fair values performed by JLL and the directors are within an acceptable range and the carrying values of investment property and investment property under construction are fairly stated at 31 December 2020.
Revenue recognition Total revenue was £153.8m in the 2020 Income Statement (2019: £175.4m). We have identified the following risks related to the recognition of revenue: Rental revenue & service charge income from the investment property portfolio: risk that the revenue is not recorded correctly, including the effect of tenant incentives and contracted rent uplift balances. Roslogistics: risk that the logistics revenue is not recorded in the correct period. The risk is unchanged from the prior year.	We performed the following audit procedures around revenue recognition: • We documented the Group's revenue recognition process and assessed the adequacy of the controls in place to prevent and detect fraud and errors in revenue recognition. • We performed correlation analysis between revenue, trade receivables and cash. We investigated revenue activity not posted to trade receivable and trade receivable activity not posted to cash. This included performing analytical procedures as mentioned below, and testing to supporting invoices/agreements. • We performed analytical procedures over rental, service charge and logistics income to identify significant fluctuations and trends. We corroborated any significant fluctuations to the terms within lease agreements or to invoices. • On a sample basis, we recomputed the revenue recognised in the year, based on the contractual lease terms, including the treatment of rent incentives for rental income. • We agreed the calculation of the IFRS rent straight-lining adjustment to underlying lease and tenancy data and tested the arithmetical accuracy of the calculation. • On a sample basis, we agreed the service charge income recognised to invoices and checked the charge was in accordance with the contractual terms in the lease agreements. • On a sample basis for Roslogistics revenue, we examined relevant supporting documents including sales contracts and acts of acceptance and assessed whether the recognition of Roslogistics income is in compliance with IFRS 15; and • We obtained and examined the trade receivables ageing. We assessed the recoverability of material debts past due by testing subsequent cash receipts and verifying if there were tenant deposits in place. • We performed cut-off procedures on all revenue streams to confirm they had been recorded in the correct period The whole Group was subject to full scope audit procedures over revenue.	As a result of the procedures performed, we concluded that revenue has been appropriately recognised in accordance with the Group's accounting policy and IFRS.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £12.3 million (2019: £15.2 million), which is 1% (2019: 1%) of total assets. We believe that the basis of materiality that is the primary measure of performance for shareholders is a capital measure of total assets. For underlying earnings related accounts (revenue, cost of sales, administrative expenses, and related working capital balance sheet accounts), for which we deem smaller misstatements could influence decisions of the users of the financial statements, we determined materiality to be £4.4m (2019: £4.8m), which is 5% (2019: 5%) of underlying operating profit.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £9.2 million (2019: £11.4 million). For accounts impacting underlying operating profit (revenue, cost of sales, admin expenses, and related working capital balance sheet accounts), we used £3.3 million (2019: £3.6 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.62 million (2019: £0.76 million) for balance sheet accounts and £0.22 million (2019: £0.35 million) for accounts impacting underlying operating profit (revenue, cost of sales, admin expenses, and related working capital balance sheet accounts) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report including Results highlights, the Chairman's message, the Portfolio review, the Strategic Report and the Governance Report set out on pages 4 through 80, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 79;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 53;
- Directors' statement on fair, balanced and understandable set out on page 80;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 48;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 66; and
- The section describing the work of the audit committee set out on page 62.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (International Financial Reporting Standards as adopted by the European Union, the Companies (Guernsey) Law 2008, the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We understood how Raven Property Group Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies and noted there was no contradictory evidence.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage these measures. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included those on revenue recognition detailed above and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures are detailed under the 'Key audit matters' above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter McIver
for and on behalf of Ernst & Young LLP
London
15 March 2021

Notes:
1. The maintenance and integrity of the Raven Property Group Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Bolshoi Theatre in Moscow

GROUP INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 Underlying earnings £'000	2020 Capital and other £'000	2020 Total £'000	2019 Underlying earnings £'000	2019 Capital and other £'000	2019 Total £'000
Gross revenue	4 / 5	153,804	–	153,804	175,373	–	175,373
Property operating expenditure and cost of sales		(40,714)	–	(40,714)	(48,869)	–	(48,869)
Net rental and related income		**113,090**	**–**	**113,090**	**126,504**	**–**	**126,504**
Administrative expenses	4 / 6	(23,120)	(1,575)	(24,695)	(23,130)	(2,303)	(25,433)
Share-based payments and other long term incentives	29	557	(1,779)	(1,222)	(4,927)	(541)	(5,468)
Foreign currency (losses) / profits		(53,675)	–	(53,675)	27,462	–	27,462
Operating expenditure		**(76,238)**	**(3,354)**	**(79,592)**	**(595)**	**(2,844)**	**(3,439)**
Share of (losses) / profits of joint ventures		(127)	–	(127)	792	–	792
Profit on disposal of joint ventures		–	–	–	–	490	490
Operating profit / (loss) before profits and losses on investment property		**36,725**	**(3,354)**	**33,371**	**126,701**	**(2,354)**	**124,347**
Unrealised (loss) / profit on revaluation of investment property	11	–	(5,043)	(5,043)	–	47,820	47,820
Unrealised (loss) / profit on revaluation of investment property under construction	12	–	(511)	(511)	–	451	451
Operating profit / (loss)	4	**36,725**	**(8,908)**	**27,817**	**126,701**	**45,917**	**172,618**
Finance income	7	1,940	146	2,086	2,011	–	2,011
Finance expense	7	(64,126)	(10,549)	(74,675)	(74,977)	(34,593)	(109,570)
Profit on re-designation of convertible preference shares	22	–	45,748	45,748	–	–	–
(Loss) / profit before tax		**(25,461)**	**26,437**	**976**	**53,735**	**11,324**	**65,059**
Tax	8	(9,247)	(5,886)	(15,133)	(10,510)	(8,531)	(19,041)
(Loss) / profit for the year		**(34,708)**	**20,551**	**(14,157)**	**43,225**	**2,793**	**46,018**
Earnings per share:	9						
Basic (pence)				(2.80)			8.16
Diluted (pence)				(2.80)			7.50
Underlying earnings per share:	9						
Basic (pence)		(6.86)			7.67		
Diluted (pence)		(6.86)			6.35		

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 2020

	2020 £'000	2019 £'000
(Loss) / profit for the year	**(14,157)**	**46,018**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	(146,667)	77,018
Total comprehensive (loss) / income for the year, net of tax	**(160,824)**	**123,036**

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.

The accompanying notes are an integral part of this statement.

GROUP BALANCE SHEET

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Investment property	11	1,089,768	1,337,682
Investment property under construction	12	26,952	33,846
Plant and equipment		4,673	6,150
Investment in joint ventures		36	189
Other receivables	15	2,874	3,414
Derivative financial instruments	17	2,541	2,621
Deferred tax assets	24	17,675	24,290
		1,144,519	**1,408,192**
Current assets			
Inventory		532	358
Trade and other receivables	16	30,947	41,595
Cash and short term deposits	18	53,122	68,138
		84,601	**110,091**
Total assets		**1,229,120**	**1,518,283**
Current liabilities			
Trade and other payables	19	39,189	51,691
Interest bearing loans and borrowings	20	29,609	60,173
		68,798	**111,864**
Non-current liabilities			
Interest bearing loans and borrowings	20	597,843	623,168
Preference shares	21	251,506	110,324
Convertible preference shares	22	–	217,482
Other payables	23	15,255	18,623
Deferred tax liabilities	24	62,028	71,024
		926,632	**1,040,621**
Total liabilities		**995,430**	**1,152,485**
Net assets		**233,690**	**365,798**

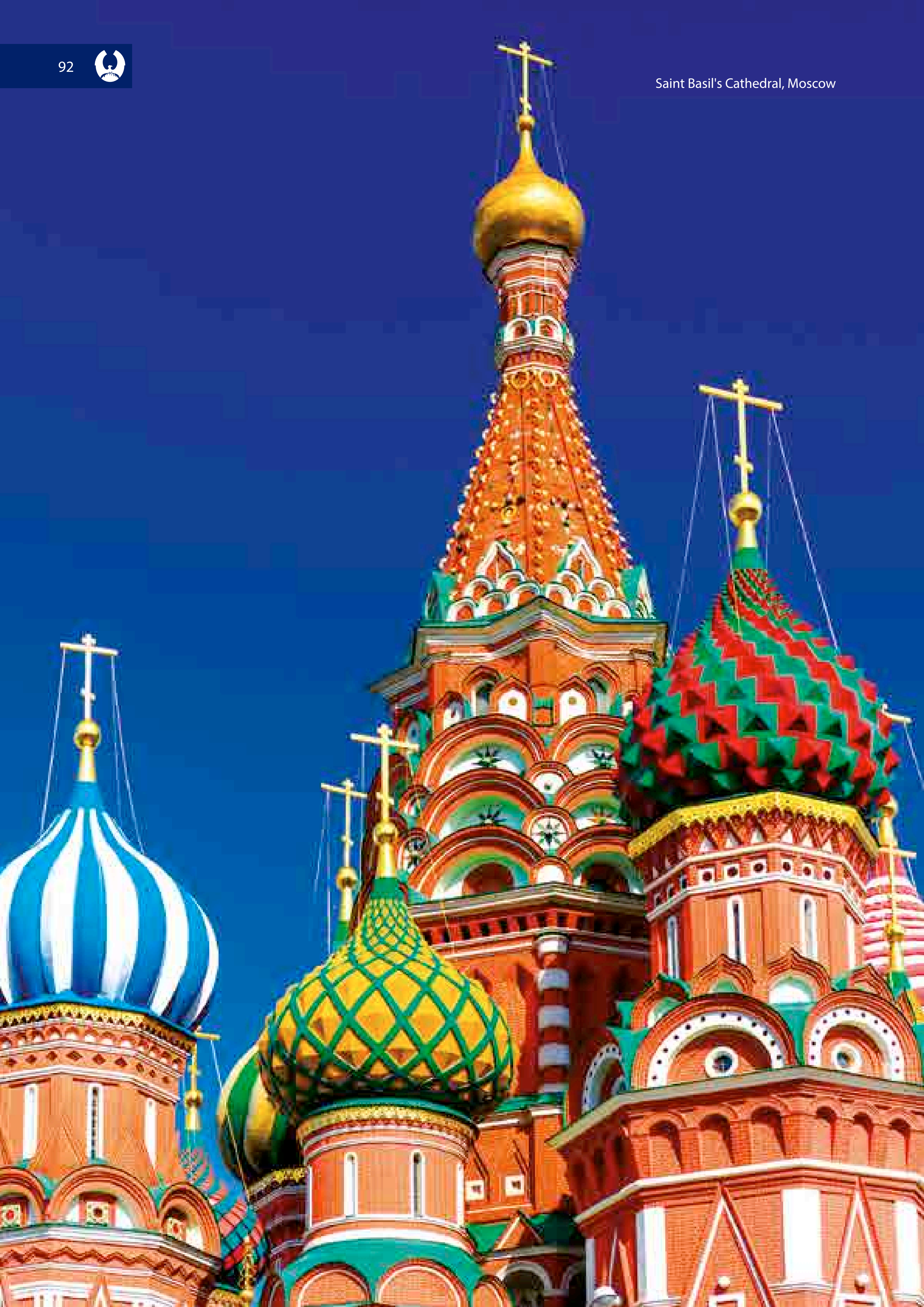
	Notes	2020 £'000	2019 £'000
Equity			
Share capital	25	5,914	4,898
Share premium		79,520	51,463
Own shares held	26	(6,351)	(4,582)
Convertible preference shares	22	–	11,212
Capital reserve		(193,042)	(234,519)
Translation reserve		(118,479)	28,188
Retained earnings		466,128	509,138
Total equity	27 / 28	**233,690**	**365,798**
Net asset value per share (pence):	28		
Basic		41	76
Diluted		40	75

The financial statements were approved by the Board of Directors on 14 March 2021 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.



Saint Basil's Cathedral, Moscow

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

For the year ended 31 December 2019	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 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		17	486	(69)	–	–	–	–	–	434
Warrants lapsed		–	–	(29)	–	–	–	–	29	–
Conversion of convertible preference shares	22 / 25	–	12	–	–	–	–	–	–	12
Own shares acquired	26	–	–	–	(106)	–	–	–	–	(106)
Own shares allocated	26	–	–	–	1,338	–	–	–	(830)	508
Ordinary shares cancelled	25 / 26	(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**
For the year ended 31 December 2020										
At 1 January 2020		**4,898**	**51,463**	**–**	**(4,582)**	**11,212**	**(234,519)**	**28,188**	**509,138**	**365,798**
Loss for the year		–	–	–	–	–	–	–	(14,157)	(14,157)
Other comprehensive income		–	–	–	–	–	–	(146,667)	–	(146,667)
Total comprehensive loss for the year		–	–	–	–	–	–	(146,667)	(14,157)	(160,824)
Cancellation and re-designation of convertible preference shares	22 / 25	1,210	34,861	–	(409)	(11,212)	–	–	11,212	35,662
Own shares acquired	26	–	–	–	(2,160)	–	–	–	–	(2,160)
Own shares allocated	26	–	–	–	800	–	–	–	(367)	433
Ordinary shares cancelled	25 / 26	(194)	(6,804)	–	–	–	–	–	–	(6,998)
Share-based payments		–	–	–	–	–	–	–	1,779	1,779
Transfer in respect of capital profits		–	–	–	–	–	41,477	–	(41,477)	–
At 31 December 2020		**5,914**	**79,520**	–	**(6,351)**	**–**	**(193,042)**	**(118,479)**	**466,128**	**233,690**

The accompanying notes are an integral part of this statement.

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit before tax		976	65,059
Adjustments for:			
Depreciation	6	1,328	1,782
Bad debts	6	131	(2)
Loss on disposal of plant and equipment	6	25	19
Share of losses / (profits) of joint ventures		127	(792)
Profit on disposal of joint ventures		–	(490)
Finance income	7	(2,086)	(2,011)
Finance expense	7	74,675	109,570
Profit on cancellation of convertible preference shares		(45,748)	–
Loss / (profit) on revaluation of investment property	11	5,043	(47,820)
Loss / (profit) on revaluation of investment property under construction	12	511	(451)
Foreign exchange losses / (profits)		53,675	(27,462)
Non-cash element of share-based payments and other long term incentives	29	1,222	5,468
		89,879	102,870
Changes in operating working capital			
Decrease in operating receivables		3,659	4,491
Increase in other operating current assets		(174)	(2)
Decrease in operating payables		(4,831)	(6,152)
		88,533	101,207
Receipts from joint ventures		–	1,043
Tax paid		(10,884)	(9,150)
Net cash generated from operating activities		**77,649**	**93,100**
Cash flows from investing activities			
Payments for property improvements		(14,257)	(11,939)
Refunds of VAT on acquisition of investment property		–	3,920
Acquisition of subsidiaries		–	(169)
Acquisition of investment property / payment of deferred consideration on acquisition of investment property		–	(11,924)
Loans granted		–	(101)
Loans repaid		–	447
Purchase of plant and equipment		(602)	(2,140)
Proceeds on disposal of plant and equipment		39	113
Investment in joint ventures		–	(13)
Proceeds on disposal of joint ventures		3,000	3,650
Interest received		1,911	1,960
Net cash used in investing activities		**(9,909)**	**(16,196)**

	Notes	2020 £'000	2019 £'000
Cash flows from financing activities			
Proceeds from long term borrowings		105,141	357,966
Repayment of long term borrowings		(66,537)	(284,431)
Loan amortisation		(29,659)	(22,652)
Bank borrowing costs paid		(43,076)	(54,689)
Exercise of warrants	25	–	434
Ordinary shares purchased	25 / 26	(9,158)	(53,310)
Dividends paid on preference shares		(15,122)	(11,285)
Dividends paid on convertible preference shares		(9,501)	(12,486)
Proceeds from disposal of derivative financial instruments		–	3,259
Premium paid for derivative financial instruments		(2,175)	(2,868)
Net cash used in financing activities		**(70,087)**	**(80,062)**
Net decrease in cash and cash equivalents		**(2,347)**	**(3,158)**
Opening cash and cash equivalents		68,138	73,450
Effect of foreign exchange rate changes		(12,669)	(2,154)
Closing cash and cash equivalents	18	**53,122**	**68,138**

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 2020 were authorised by the Board for issue on 14 March 2021.

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, borrowings and the impact of Covid-19 are described in the Finance Review section of the Strategic Report and the notes to these financial statements. Further disclosures regarding borrowings are provided in note 20 to the financial statements.

Rental rates have remained stable and occupancy rates high at 94% at the end of the year (currently 91% with a further 2% agreed through letters of intent). Tenant demand has been strong, and the logistics sector has benefitted from changes in customer behaviour driven by the pandemic. Rent collections ran close to 100% for the year to 31 December 2020, and both the base and stress case modelled scenarios discussed below expect this to continue in the period of going concern assessment, with no evidence suggesting this an unreasonable expectation.

At 31 December 2020, the Group's balance sheet is considered strong with £53.1 million of cash and short term deposits held (2019: £68.1 million), investment properties of £1,089.8 million (2019: £1,337.7 million) and net assets of £233.7 million (2019: £365.8 million). Decline in Sterling values are driven by depreciation in the value of the Rouble against Sterling at the balance sheet date, rather than falls in property value. Our continued progression towards a predominately Rouble denominated operating and financing base limits the impact of the weak foreign exchange environment on day to day operations.

In assessing the Group's ability to continue to operate as a going concern, the Board has examined the latest working capital report prepared by management for the period from the date of signing these financial statements to 31 December 2022. As described in the Going Concern section of the Directors' Report, three working capital scenarios have been modelled, the first being a base case, the second a stress test case and the third being the stress test case amended for ordinary course of business mitigating actions within the Board's control.

The base case for the going concern model used by the Group assumes that current market norms prevail, with reference to the latest economic data and forecasts available. The model is then stress tested incorporating a prudent scenario which assumes:

- the Russian economy remains in a weak Rouble environment for the period to 31 December 2022;
- the ability to refinance assets is limited;
- an increased void period on maturing leases; and
- increased levels of withholding tax on cross jurisdictional treasury movements.

Key mitigating actions include:

- the ability of the Group to place funds on deposit with banking counterparts to heal potential covenant breaches;
- control over ordinary shareholder distributions; and
- the management of capital expenditure programmes.

Even without mitigating actions, the Group maintains liquidity throughout the going concern forecast period in the stress test scenario.

Having made appropriate enquiries and examining the latest working capital report for the period from the date of signing these financial statements to 31 December 2022, including the proposed share buy back and the sensitivities described above that could give rise to financial risk, 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.

Note 32 to the financial statements includes the Group's objectives, policies and procedures for managing risks related to currency, credit, liquidity and capital.

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 new and amended IFRS and IFRIC interpretations as of 1 January 2020 have been considered and had no impact on the consolidated financial statements of the Group.

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. The Group has considered each of these and concluded that they will have no significant impact on the financial performance of the Group nor on the disclosures included in the consolidated financial statements.

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 19).

(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, 2020 (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 considered the convertible preference shares to be a compound financial instrument, that is they had a liability and equity component. On the issue of convertible preference shares the fair value of the liability component was determined and the balance of the proceeds of issue was deemed to be equity. The Group's other equity instruments are its ordinary shares.

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 which may include settlement in the ordinary or preference shares of the Company.

Awards linked to or that may be settled by ordinary shares

The share component of the 2016 Retention Scheme was able to be settled in any of the Company's listed securities, including ordinary shares, and as a consequence fell within the scope of IFRS 2 Share-based payments. Each instalment was settled by the issue of preference shares or convertible preference shares and therefore were 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 re-measured at fair value at each balance sheet date until settlement, with changes in the fair value recognised in the Income Statement. The Five Year Performance Plan is an equity settled share-based incentive scheme in which the participants receive a variable number of ordinary shares in the Company based on achieving a total shareholder return over the performance period and subject to the ordinary share price of the Company on vesting in March 2023. Vesting is expressed as a monetary amount based on the total shareholder return achieved. At each reporting date the total shareholder return in the period to date is calculated and considered relative to the minimum conditions for vesting. To the extent this threshold is achieved, a monetary amount is calculated and charged to the Income Statement, subject to cumulative provisions made in prior periods, with a corresponding entry recorded in equity.

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 re-measured 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:

	2020	2019
Balance Sheet		
– Roubles	100.0425	81.1460
– Euro	1.1032	1.1703

	2020	2019
Income Statement*		
– Roubles	92.5689	82.6282
– Euro	1.1251	1.1398

* These are the average rates for the twelve months ended 31 December 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.

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, 2020 (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 probabilities of between 0% and 100% of possible outcomes. 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 monthly financial information incorporating turnover, cost of sales and operating profits or losses after deduction of administrative expenses and a balance sheet.

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 £43.2 million (2019: £56.0 million).

(a) Segmental information for the year ended and as at 31 December 2020

Year ended 31 December 2020	**Property Investment £'000**	**Roslogistics £'000**	**Raven Mount £'000**	**Segment Total £'000**	**Central Overhead £'000**	**Total £'000**
Gross revenue	140,503	13,299	2	153,804	–	153,804
Operating costs / cost of sales	(32,768)	(7,996)	50	(40,714)	–	(40,714)
Net rental and related income	**107,735**	**5,303**	**52**	**113,090**	**–**	**113,090**
Administrative expenses						
Running general and administration expenses	(16,215)	(1,619)	(264)	(18,098)	(4,878)	(22,976)
Aborted project costs	(29)	–	–	(29)	(362)	(391)
Depreciation	(960)	(368)	–	(1,328)	–	(1,328)
Share-based payments and other long term incentives	(144)	–	–	(144)	(1,078)	(1,222)
Foreign currency losses	(53,669)	(5)	(1)	(53,675)	–	(53,675)
	36,718	**3,311**	**(213)**	**39,816**	**(6,318)**	**33,498**
Unrealised loss on revaluation of investment property	(5,043)	–	–	(5,043)	–	(5,043)
Unrealised loss on revaluation of investment property under construction	(511)	–	–	(511)	–	(511)
Share of losses of joint ventures	–	(127)	–	(127)	–	(127)
Profit on disposal of joint ventures	–	–	–	–	–	–
Segment profit / (loss)	**31,164**	**3,184**	**(213)**	**34,135**	**(6,318)**	**27,817**
Finance income						2,086
Finance expense						(74,675)
Profit on re-designation of convertible preference shares						45,748
Profit before tax						**976**

As at 31 December 2020	**Property Investment £'000**	**Roslogistics £'000**	**Raven Mount £'000**	**Total £'000**
Assets				
Investment property	1,089,768	–	–	1,089,768
Investment property under construction	26,952	–	–	26,952
Investment in joint ventures	–	36	–	36
Inventory	–	–	532	532
Cash and short term deposits	51,323	622	1,177	53,122
Segment assets	**1,168,043**	**658**	**1,709**	**1,170,410**
Other non-current assets				27,763
Other current assets				30,947
Total assets				**1,229,120**
Segment liabilities				
Interest bearing loans and borrowings	627,452	–	–	627,452
Capital expenditure				
Corporate acquisitions	–	–	–	–
Other acquisition	–	–	–	–
Property improvements	14,257	–	–	14,257
	14,257	**–**	**–**	**14,257**

(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	(38,367)	(10,582)	80	(48,869)	–	(48,869)
Net rental and related income	**120,180**	**6,081**	**243**	**126,504**	**–**	**126,504**
Administrative expenses						
Running general and administration expenses	(15,584)	(1,997)	(406)	(17,987)	(5,143)	(23,130)
Aborted 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
	129,303	**3,725**	**(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)	**177,574**	**3,512**	**1,328**	**182,414**	**(9,796)**	**172,618**
Finance income						2,011
Finance expense						(109,570)
Profit before tax						**65,059**

The operating costs allocated to Roslogistics have been amended to include their share of the operating costs of the properties that they lease from the Group. The operating costs allocated to the Property Investment segment have been reduced commensurately.

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**

5. Gross revenue

	2020 £'000	2019 £'000
Rental and related income	140,503	158,547
Logistics	13,299	16,663
Other revenue	2	163
	153,804	**175,373**

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 £143k (2019: £139k).

Details of the Group's contracted future minimum lease receivables are detailed in note 34.

There were no single customers accounting for more than 10% of Group revenues in either 2020 or 2019.

6. Administrative expenses

(a) Total administrative expenses	2020 £'000	2019 £'000
Employment costs	11,163	13,615
Directors' remuneration	2,898	2,523
Bad debts	131	(2)
Office costs	817	537
IT and communications	2,108	1,718
Insurance	229	171
Travel costs	446	1,164
Auditors' remuneration	729	671
Legal and professional	972	1,931
Loss on disposal of plant and equipment	25	19
Broker, PR and analyst costs	412	471
Aborted project costs	391	521
Depreciation	1,328	1,782
Provision for legal claim	2,751	–
Registrar costs and other administrative expenses	295	312
	24,695	**25,433**

The provision for legal claim of £2.8 million is in respect of a vexatious claim brought against one the Group's Russian subsidiaries by the receiver of a tenant who declared bankruptcy in 2018. The Group is pursuing all possible remedies but has recognised the cost given the uncertain nature of the Russian legal system.

(b) Fees for audit and other services provided by the Group's auditor	2020 £'000	2019 £'000
Audit services	539	532
Audit related assurance services	72	50
	611	**582**
Other fees:		
Taxation services	118	89
Total fees	**729**	**671**

In 2020 the Group engaged Ernst & Young as reporting accountants for the Group's prospectus setting out the proposal for the re-designation of the convertible preference shares and also in respect of the aborted purchase of ordinary shares, preference share and convertible preference shares from Invesco Asset Management Limited. The Group incurred £200k of fees in respect of their work on the prospectus, which are included in the incidental costs to calculate the profit on re-designation of convertible preference shares (detailed in note 22), and £201k of fees in respect of the aborted purchase, which is included in aborted project costs. There were no equivalent fees for 2019.

Ernst & Young 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 £109k (2019: £132k) and the fees for taxation services were £93k (2019: £93k).

7. Finance income and expense

	2020 £'000	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	1,911	1,960
Interest receivable from joint ventures	29	51
Other finance income		
Change in fair value of open interest rate derivative financial instruments	146	–
Finance income	**2,086**	**2,011**
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	43,241	55,956
Interest expense on preference shares	15,920	12,338
Interest expense on convertible preference shares	14,899	19,731
Other interest expense	(1,131)	1,153
Total interest expense on financial liabilities not at fair value through profit or loss	72,929	89,178
Change in fair value of open forward currency derivative financial instruments	–	20
Change in fair value of open interest rate derivative financial instruments	1,746	20,372
Finance expense	**74,675**	**109,570**

Included in the interest expense on loans and borrowings is £3.00 million (2019: £6.59 million) relating to amortisation of costs incurred in originating the loans. Included in the interest expense on preference shares is £0.37 million (2019: £0.36 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 £5.2 million (2019: £6.95 million) relating to the accretion of premiums payable on redemption and amortisation of costs incurred in issuing the convertible preference shares of £0.20 million (2019: £0.30 million).

8. Tax

	2020 £'000	2019 £'000
The tax expense for the year comprises:		
Current taxation	8,354	8,210
Deferred taxation (note 24)		
On the origination and reversal of temporary differences	5,218	10,766
On unrealised foreign exchange movements in loans	1,561	65
Tax charge	**15,133**	**19,041**

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

	2020 £'000	2019 £'000
Profit before tax	976	65,059
Tax at the Russian corporate tax rate of 20%	195	13,012
Tax effect of financing arrangements	2,797	1,128
Tax effect of fair value movement on open interest rate derivative financial instruments	214	3,775
Tax effect of non deductible preference share interest	6,164	6,414
Tax effect of profit on re-designation of convertible preference shares (note 22)	(9,150)	–
Tax effect of foreign exchange movements	8,576	(4,431)
Movement in provision for uncertain tax positions	(1,515)	(543)
Tax effect of other income not subject to tax and non-deductible expenses	2,014	4,742
Tax effect of property depreciation on revaluations	269	(7,422)
Tax on dividends and other inter company gains	3,621	2,423
Movement on previously unprovided deferred tax assets	1,948	(57)
	15,133	**19,041**

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 Group has also provided earnings measurements in accordance with the European Public Real Estate Association ("EPRA") guidelines for the first time. These are included as supplementary information to these financial statements.

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

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Earnings				
Net (loss) / profit for the year prepared under IFRS		**(14,157)**		**46,018**
Adjustments to arrive at underlying earnings:				
Administrative expenses				
Depreciation (note 6a)	1,328		1,782	
Less depreciation related to offices leases	(144)		–	
Aborted project costs (note 6a)	391		521	
		1,575		2,303
Share-based payments and other long term incentives (note 29b)		1,779		541
Profit on disposal of joint ventures		–		(490)
Unrealised loss / (profit) on revaluation of investment property		5,043		(47,820)
Unrealised loss / (profit) on revaluation of investment property under construction		511		(451)
Finance income				
Change in fair value of open interest rate derivative financial instruments (note 7)		(146)		–
Profit on re-designation of convertible preference shares (note 22)		(45,748)		–
Finance expense				
Change in fair value of open forward currency derivative financial instruments (note 7)	–		20	
Change in fair value of open interest rate derivative financial instruments (note 7)	1,746		20,372	
Premium on redemption of preference shares and amortisation of issue costs (note 21)	373		362	
Premium on redemption of convertible preference shares and amortisation of issue costs (note 22)	5,434		7,245	
Amortisation of loan origination costs (note 7)	2,996		6,594	
		10,549		34,593
Tax				
Movement on deferred tax arising on depreciation and revaluation of investment property	4,261		8,547	
Tax on unrealised foreign exchange movements in loans	1,625		(16)	
		5,886		8,531
Underlying earnings		**(34,708)**		**43,225**

	2020 £'000	2019 £'000
Calculation of Headline earnings		
Net (loss) / profit for the year prepared under IFRS	(14,157)	46,018
Adjustments to arrive at Headline earnings:		
Unrealised loss / (profit) on revaluation of investment property	5,043	(47,820)
Unrealised loss / (profit) on revaluation of investment property under construction	511	(451)
Movement on deferred tax arising on revaluation of investment property	(1,283)	2,280
Headline earnings	**(9,886)**	**27**

IFRS	2020 Earnings £'000	2020 Weighted average shares No. '000	2020 EPS Pence	2019 Earnings £'000	2019 Weighted average shares No. '000	2019 EPS Pence
Basic	(14,157)	506,289	(2.80)	46,018	563,890	8.16
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	236	
LTIP (note 29)	–	–		–	103	
2016 Retention Scheme (note 29)	–	–		–	2,349	
Five Year Performance Plan (note 29)	–	–		–	–	
Convertible preference shares (note 22)	–	–		19,731	310,090	
Diluted	(14,157)	506,289	(2.80)	65,749	876,668	7.50

Underlying earnings	2020 Earnings £'000	2020 Weighted average shares No. '000	2020 EPS Pence	2019 Earnings £'000	2019 Weighted average shares No. '000	2019 EPS Pence
Basic	(34,708)	506,289	(6.86)	43,225	563,890	7.67
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	236	
LTIP (note 29)	–	–		–	103	
2016 Retention Scheme (note 29)	–	–		–	2,349	
Five Year Performance Plan (note 29)	–	–		–	–	
Convertible preference shares (note 22)	–	–		12,486	310,090	
Diluted	(34,708)	506,289	(6.86)	55,711	876,668	6.35

Headline earnings	2020 Earnings £'000	2020 Weighted average shares No. '000	2020 EPS Pence	2019 Earnings £'000	2019 Weighted average shares No. '000	2019 EPS Pence
Basic	(9,886)	506,289	(1.95)	27	563,890	0.00
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	236	
LTIP (note 29)	–	–		–	103	
2016 Retention Scheme (note 29)	–	–		–	2,349	
Five Year Performance Plan (note 29)	–	–		–	–	
Convertible preference shares (note 22)	–	–		–	–	
Diluted	(9,886)	506,289	(1.95)	27	566,578	0.00

10. Ordinary dividends

In the place of a final dividend for 2019 the Company implemented a tender offer buy back of ordinary shares on the basis of 1 in every 16 shares held at a tender price of 36 pence per share, the equivalent of a final dividend of 2.25 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	2020 Total £'000
Market value at 1 January 2020	945,326	171,990	171,360	65,786	1,354,462
Property improvements	10,717	(17)	914	615	12,229
Unrealised (loss) / profit on revaluation	(13,416)	3,460	596	1,923	(7,437)
On translation to presentation currency	(179,329)	(32,490)	(32,442)	(12,475)	(256,736)
Market value at 31 December 2020	**763,298**	**142,943**	**140,428**	**55,849**	**1,102,518**
Tenant incentives and contracted rent uplift balances	(8,863)	(3,064)	(598)	(1,126)	(13,651)
Head lease obligations (note 23)	901	–	–	–	901
Carrying value at 31 December 2020	**755,336**	**139,879**	**139,830**	**54,723**	**1,089,768**
Revaluation movement in the year ended 31 December 2020					
Gross revaluation	(13,416)	3,460	596	1,923	(7,437)
Movement on tenant incentives and contracted rent uplift balances	3,168	728	569	(115)	4,350
Less impact of translation to presentation currency	(1,360)	(194)	(211)	(191)	(1,956)
Revaluation reported in the Income Statement	**(11,608)**	**3,994**	**954**	**1,617**	**(5,043)**

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 23)	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**

*Classified in accordance with the fair value hierarchy, see note 33. There were no transfers between fair value hierarchy in 2019 or 2020.

At 31 December 2020 the Group has pledged investment property with a value of £1,102 million (2019: £1,345 million) to secure banking facilities granted to the Group (see note 20).

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	 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	(4,084)	(1,727)	**(5,811)**	(512)	**(6,323)**
Unrealised (loss) / profit on revaluation	(569)	58	**(511)**	–	**(511)**
Market value at 31 December 2020	**16,976**	**7,477**	**24,453**	**2,202**	**26,655**
Head lease obligations (note 23)	297	–	**297**	–	**297**
Carrying value at 31 December 2020	**17,273**	**7,477**	**24,750**	**2,202**	**26,952**

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 23)	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, see note 33. There were no transfers between fair value hierarchy in 2019 or 2020.

No borrowing costs were capitalised in the year (2019: £nil).

At 31 December 2020 the Group has pledged investment property under construction with a value of £24.5 million (2019: £30.8 million) to secure banking facilities granted to the Group (see note 20).

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 2020 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 five qualified RICS members, 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, 2020.

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, 2020. The RICS Valuation - Global Standards, 2020 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.

In preparing the valuations at 31 December 2020, JLL have referred to some ongoing uncertainty in the Russian real estate market caused by Covid-19 and that, in this environment, prices and values can change frequently in current conditions. 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.

Valuation assumptions and key inputs

Class of property	Carrying amount 2020 £'000	Carrying amount 2019 £'000	Valuation technique	Input	Range 2020	Range 2019
Completed investment property						
Moscow - Logistics	755,336	934,516	Discounted cash flow	ERV per sqm	Rub 3,700 to Rub 5,200	Rub 3,700 to Rub 4,500
				ERV growth	5% to 6%	5% to 7%
				Discount rate	8.5% to 11.7%	10.8% to 12.1%
				Exit cap rate	10% to 11%	10.25% to 11.25%
				Vacancy rate	0% to 25%	1% to 59%
				Passing rent per sqm	$103 to $165	$100 to $174
				Passing rent per sqm	Rub 3,308 to Rub 9,538	Rub 3,150 to Rub 8,999
				Passing rent per sqm	€131	€122
St Petersburg - Logistics	139,879	168,198	Discounted cash flow	ERV per sqm	Rub 4,000 to Rub 4,150	Rub 3,900 to Rub 4,150
				ERV growth	5% to 6%	5% to 7%
				Discount rate	12.2% to 12.3%	12.1% to 12.3%
				Exit cap rate	11.25%	11.50%
				Vacancy rate	0% to 15%	1% to 15%
				Passing rent per sqm	$126 to $141	$111 to $137
				Passing rent per sqm	Rub 3,555 to Rub 5,333	Rub 3,276 to Rub 5,628
Regional - Logistics	139,830	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% to 6%	5% to 7%
				Discount rate	10.75% to 12.20%	11.80% to 12.30%
				Exit cap rate	11.25%	11.50%
				Vacancy rate	0% to 4%	0% to 10%
				Passing rent per sqm	-	$143
				Passing rent per sqm	Rub 3,000 to Rub 21,433	Rub 3,850 to Rub 21,153
St Petersburg - Office	54,723	64,775	Discounted cash flow	ERV per sqm	Rub 12,000 to Rub 12,500	Rub 11,789 to Rub 12,491
				ERV growth	2% to 4%	2% to 4%
				Discount rate	11.75% to 12.00%	11.75% to 12.00%
				Exit cap rate	10.75% to 11.75%	11.00% to 12.00%
				Vacancy rate	0% to 5%	0% to 13%
				Passing rent per sqm	Rub 8,340 to Rub 24,155	Rub 7,596 to Rub 18,319

	Description	Range 2020	Range 2019
Other key information			
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	3 to 16 years	2 to 15 years
	Outstanding costs (£'000)	2,333	1,262
St Petersburg - Logistics	Land plot ratio	48% - 57%	48% - 57%
	Age of building	6 to 12 years	5 to 11 years
	Outstanding costs (£'000)	12	97
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	11 years	10 years
	Outstanding costs (£'000)	455	663
St Petersburg - Office	Land plot ratio	148% to 496%	148% to 496%
	Age of building	12 to 14 years	11 to 13 years
	Outstanding costs (£'000)	55	57

	Carrying amount		Valuation technique	Input	Range	
	2020 £'000	2019 £'000			2020	2019
Investment property under construction						
Moscow - Logistics	17,273	21,986	Comparable	Value per ha	Rub 30.1m - Rub 33.8m	Rub 19.5m - Rub 33.8m
Regional - Logistics	7,477	9,146	Comparable	Value per ha	Rub 10.3m - Rub 20.6m	Rub 9.5m - 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. A void is applied to current vacant space and a structural void assumption is made to all cash flows in lieu of voids on future re-letting. 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 2020 or 2019.

Assets under construction (additional phases of existing sites) are valued on a comparable basis. The value of these plots 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.

In preparing the valuations at 31 December 2020, JLL have referred to some ongoing uncertainty in the Russian real estate market caused by Covid-19 and that in this environment, prices and values can change frequently in current conditions. 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.

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 2020	Proportion of ownership interest 2019
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. Other receivables

	2020 £'000	2019 £'000
Loans receivable	24	67
Restricted cash	76	–
VAT recoverable	2,584	3,059
Prepayments and other receivables	190	288
	2,874	**3,414**

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.

16. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	21,396	26,475
Prepayments	4,629	3,608
Restricted cash	-	3,026
VAT recoverable	2,008	2,651
Loans receivable	358	345
Other receivables	153	3,158
Tax recoverable	2,403	2,332
	30,947	**41,595**

17. Derivative financial instruments

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 2020 the instruments have a notional value of £561 million (2019: £545 million) and a weighted average capped rate of 5.11% (2019: 5.36%).

18. Cash and short term deposits

	2020 £'000	2019 £'000
Cash at bank and on call	26,002	46,008
Short term deposits	27,120	22,130
	53,122	**68,138**

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 2.94% (2019: 4.65%).

19. Trade and other payables

	2020 £'000	2019 £'000
Trade and other payables	5,972	6,847
Construction payables	2,908	2,232
Advanced rentals and rent deposits	12,010	15,343
Other payables	4,025	5,162
Current tax payable	4,180	7,418
Other tax payable	9,594	14,131
Head leases (note 23)	17	21
Other lease liabilities (note 23)	483	537
	39,189	**51,691**

20. Interest bearing loans and borrowings

	2020 £'000	2019 £'000
Bank loans		
Loans due for settlement within 12 months	29,609	60,173
Loans due for settlement after 12 months	597,843	623,168
	627,452	**683,341**
The Group's borrowings have the following maturity profile:		
On demand or within one year	29,609	60,173
In the second year	23,462	28,656
In the third to fifth years	520,540	497,578
After five years	53,841	96,934
	627,452	**683,341**

The amounts above include unamortised loan origination costs of £5.6 million (2019: £6.8 million) and interest accruals of £0.8 million (2019: £0.9 million).

The Group's interest bearing loans and borrowings have a weighted average interest rate of 5.48% (2019: 6.52%) and a weighted average term to maturity of 4.1 years (2019: 4.7 years).

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

The Group drew down €11.5 million and Rub 9.0 billion on new and existing debt facilities, repaying €40.5 million and Rub 3.3 billion of existing debt. One facility was also redenominated from €8.8 million to Rub 735.2 million during the year.

As at 31 December 2020 the Group had interest rate hedges for £561 million of borrowings (2019: £545 million) capped at a weighted average rate of 5.11% (2019: 5.36%) for a weighted average of 3.6 years (2019: 4.4 years). £5.0 million of the Group's borrowings have a fixed interest rate (2019: £nil).

21. Preference shares

	2020 £'000	2019 £'000
Issued share capital:		
At 1 January	110,324	109,271
Premium on redemption of preference shares and amortisation of issue costs	373	362
Scrip dividends	386	691
Movement on accrual for preference dividends	39	–
Issued on re-designation of convertible preference shares (note 22)	140,384	–
At 31 December	**251,506**	**110,324**

	2020 Number	2019 Number
Issued share capital:		
At 1 January	100,068,218	99,556,534
Scrip dividends	287,976	511,684
Issued on re-designation of convertible preference shares (note 22)	114,599,212	–
At 31 December	**214,955,406**	**100,068,218**
Shares in issue	216,326,672	100,125,086
Held by the Company's Employee Benefit Trusts	(1,371,266)	(56,868)
At 31 December	**214,955,406**	**100,068,218**

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

22. Convertible preference shares

	2020 £'000	2019 £'000
Issued share capital:		
At 1 January	217,482	206,116
Reissued in the year	–	4,132
Converted to ordinary shares (note 25)	–	(11)
Converted to ordinary shares (note 25)	(36)	–
Converted to ordinary shares (note 25)	5,434	7,245
Premium on redemption of preference shares and amortisation of issue costs	(222,880)	–
At 31 December	**–**	**217,482**

	2020 Number	2019 Number
Issued share capital:		
At 1 January	195,929,647	192,388,886
Reissued in the year	–	3,552,907
Converted to ordinary shares (note 25)	–	(12,146)
Re-designation of convertible preference shares	(195,929,647)	–
At 31 December	**–**	**195,929,647**
Shares in issue	–	198,176,868
Held by the Company's Employee Benefit Trusts	–	(2,247,221)
At 31 December	**–**	**195,929,647**

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

On 30 September 2020 the Company re-designated all of its convertible preference shares into ordinary shares and preference shares of the Company. The holders of the convertible preference shares received 0.6108 new ordinary shares and 0.5849 new preference shares for every 1 convertible preference share held. On re-designation the convertible preference shares ceased to exist and 121,046,403 new ordinary shares and 115,913,610 new preference shares were issued, of which the Company's Employee Benefit Trust was issued 1,372,602 ordinary shares (see note 26) and 1,314,398 preference shares (see note 21).

	£'000
Profit on re-designation of convertible preference shares:	
Carrying value of convertible preference shares	222,880
Fair value of new ordinary shares (net of ordinary shares issued to the Company's Employee Benefit Trust)	(35,663)
Fair value of new preference shares (net of preference shares issued to the Company's Employee Benefit Trust)	(140,384)
Less: Incidental expenses	(1,085)
Profit on re-designation	**45,748**

23. Other payables

	2020 £'000	2019 £'000
Rent deposits	13,120	15,779
Head leases	1,180	1,561
Other lease liabilities	955	1,283
	15,255	**18,623**

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 £3.5 million (2019: £4.4 million). The carrying value of the liability is shown above and in note 19 as head leases and totalled £1.2 million (2019: £1.6 million).

The Group leases its administrative offices and has minimum lease payments due over the remaining term of the leases totalling £1.8 million (2019: 2.3 million). The carrying value of the liability is shown above and in note 19 as other lease liabilities and totalled £1.4 million (2019: £1.5 million).

24. Deferred tax

(a) Deferred tax assets	Tax losses £'000	Other £'000	Total £'000
Balance at 1 January 2019	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**
On translation to presentation currency	(4,132)	(228)	(4,360)
(Charge) / credit for the year	(2,552)	297	(2,255)
Balance at 31 December 2020	**16,399**	**1,276**	**17,675**

The Group has tax losses in Russia of £221 million (2019: £268 million) and tax losses in the UK of £48 million (2019: £49 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 2019	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**
On translation to presentation currency	(9,368)	(4,152)	(13,520)
Charge / (credit) for the year	5,807	(1,283)	4,524
Balance at 31 December 2020	**45,120**	**16,908**	**62,028**

Accelerated tax allowances include £39.6 million (2019: £42.2 million) in relation to the tax depreciation applied to investment properties in the Group's Russian subsidiaries.

25. Share capital

	2020 £'000	2019 £'000
Issued share capital:		
At 1 January	4,898	6,233
Issued in the year for cash on warrant exercises	–	17
On conversion of convertible preference shares (note 22)	–	–
Repurchased and cancelled in the year by tender offer	(194)	(361)
Repurchased and cancelled in the year on purchase from WIM / IAM	–	(991)
Issued on re-designation of convertible preference shares	1,210	–
At 31 December	**5,914**	**4,898**

	2020 Number	2019 Number
Issued share capital:		
At 1 January	489,746,016	623,269,434
Issued in the year for cash on warrant exercises	–	1,734,577
On conversion of convertible preference shares (note 22)	–	18,425
Repurchased and cancelled in the year by tender offer	(19,438,653)	(36,131,442)
Repurchased and cancelled in the year on purchase from WIM / IAM	–	(99,144,978)
Issued on re-designation of convertible preference shares	121,046,403	–
At 31 December	**591,353,766**	**489,746,016**

Details of own shares held are given in note 26.

26. Own shares held

	2020 £'000	2019 £'000
At 1 January	(4,582)	(5,965)
Acquired under a tender offer	(2,160)	–
Issued on re-designation of convertible preference shares	(409)	–
Other acquisitions	–	(106)
Allocation to satisfy Annual Performance Incentives / other staff bonuses (note 29)	800	647
Cancelled	–	151
Allocation to satisfy LTIP options exercised (note 29a)	–	691
At 31 December	**(6,351)**	**(4,582)**

	2020 Number	2019 Number
At 1 January	8,918,186	10,760,656
Acquired under a tender offer	6,000,000	–
Issued on re-designation of convertible preference shares	1,372,602	–
Other acquisitions	–	253,679
Allocation to satisfy Annual Performance Incentives / other staff bonuses (note 29)	(1,608,212)	(876,000)
Cancelled	–	(298,039)
Allocation to satisfy LTIP options exercised (note 29a)	–	(922,110)
At 31 December	**14,682,576**	**8,918,186**

27. 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.
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.

28. Net asset value per share

	2020 Number	2019 Number
Number of ordinary shares (note 25)	591,353,766	489,746,016
Less own shares held (note 26)	(14,682,576)	(8,918,186)
	576,671,190	**480,827,830**

	2020 Net asset value £'000	2020 Ordinary shares No. '000	2020 Net asset value per share Pence	2019 Net asset value £'000	2019 Ordinary shares No. '000	2019 Net asset value per share Pence
Net asset value per share	233,690	576,671	41	365,798	480,828	76
Effect of dilutive potential ordinary shares:						
Convertible preference shares (note 22)	–	–		217,482	297,225	
Five Year Performance Plan (note 29)	–	6,375		–	–	
Fully diluted net asset value per share	**233,690**	**583,046**	**40**	**583,280**	**778,053**	**75**

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.

The Group has also provided alternative net asset value measures in accordance with the EPRA guidelines for the first time. These are included as supplementary information to these financial statements.

29. 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 2019 or 2020.

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. 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 two 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 has met the minimum threshold for vesting and a 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 2019.

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 to 150% 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 its 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.

Other staff bonuses

Discretionary bonuses to employees, who are not eligible to participate in the API, may on occasion be settled by the issue or transfer of ordinary shares of the Company.

(a) Movements in LTIP options

	2020		2019	
	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 year				
– LTIP	–	–	(1,062,162)	25p
Outstanding at the end of the period	**–**	**–**	**–**	**–p**

(b) Income Statement charge for the year	2020 £'000	2019 £'000
2016 Retention scheme	–	541
Other staff bonuses	331	664
Annual Performance Incentive 2020	–	–
Annual Performance Incentive 2019	(888)	4,263
Five Year Performance Plan	1,779	–
	1,222	**5,468**
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	1,222	4,927
Convertible preference shares / preference shares (IFRS 2 expense)	–	541
Cash	–	–
	1,222	**5,468**

Of the IFRS 2 expense £3.6 million (2019: £4.6 million) is included in current liabilities.

The recipients of the 2019 API have agreed to accept a reduced number of ordinary shares and transfer of these ordinary shares will be made following the issue of these financial statements. In respect of the 2020 API, and in light of the participation of the executive directors and certain senior managers in the Invesco transaction (see note 36 for details), a provision of £0.5 million has been made assuming that the award will be settled in cash. As a consequence the related expense is not a share-based payment and has been reflected in administrative expenses.

30. Capital commitments

The Group had no significant capital commitments at 31 December 2019 and 2020.

31. 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	2020 £'000	2019 £'000
Short term employee benefits	4,009	3,579
Post employment benefits	233	229
Share-based payments and other long term incentives	890	4,805
	5,132	**8,613**

32. 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 and derivative financial instruments. At 31 December 2019 the Group also had convertible preference shares in issue (see note 22).

Risk management parameters are established by the Board and overseen by management in conjunction with professional advisers. Reports are provided to the Board on a 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 Roubles and Euros and a weakening in the Rouble exchange rate can put pressure on the Group's ability to service its Euro debt facilities. This risk has reduced 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 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 restating 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
Whilst the Group no longer has US Dollar denominated debt facilities it 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 generates 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 2020	Rouble £'000	Euro £'000	US Dollar £'000	Sterling £'000	ZAR £'000
Non-current assets					
Derivative financial instruments	–	166	8	–	–
	–	**166**	**8**	**–**	**–**
Current assets					
Rent receivable	–	–	1,661	–	–
Restricted cash	–	–	–	–	–
Other current receivables	24	696	–	15	1
Cash and short term deposits	12,682	887	318	581	33
	12,706	**1,583**	**1,979**	**596**	**34**
Non-current liabilities					
Interest bearing loans and borrowings	–	142,316	–	–	–
Rent deposits	–	–	4,290	–	–
Other payables	–	188	–	–	–
	–	**142,504**	**4,290**	**–**	**–**
Current liabilities					
Interest bearing loans and borrowings	–	16,137	–	–	–
Rent deposits	–	–	1,968	–	–
Other payables	–	793	7	86	–
	–	**16,930**	**1,975**	**86**	**–**

As at 31 December 2019	Rouble £'000	Euro £'000	US Dollar £'000	Sterling £'000	ZAR £'000
Non-current assets					
Derivative financial instruments	–	274	41	–	–
	–	**274**	**41**	**–**	**–**
Current assets					
Rent receivable	–	–	1,673	–	–
Restricted cash	–	701	–	–	–
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**	**–**

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:	2020 £'000	2019 £'000
US Dollar	428	899
Russian Rouble	1,271	20
Sterling	51	17
Euro	15,768	19,574

The Group's interest rate risk arises from its long-term borrowings (note 20) and preference shares (note 21). 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.

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 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 £19.8 million at 31 December 2020 (2019: loss of £20 million).

The Group is exposed to movements in EURIBOR and Central Bank of Russia Key rate. Sensitivity to benchmark rates is presented in the table below.

Post tax profit or loss would change by:	2020 Increase 100 bps £'000	2020 Decrease 100 bps £'000	2019 Increase 100 bps £'000	2019 Decrease 100 bps £'000
EURIBOR	(1,112)	–	(1,774)	399
Central Bank of Russia Key rate	(3,495)	3,128	(3,496)	3,673

(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 no single tenant 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 movement in provision for impairment of trade receivables is provided in the table below.

	2020 £'000	2019 £'000
At 1 January	3,028	2,880
Effect of foreign exchange rate changes	(487)	191
Charge for the year	131	(2)
Utilised in the year	(17)	(41)
Unused amounts reversed	–	–
At 31 December	**2,655**	**3,028**

At 31 December 2020 there were no significant amounts of unimpaired trade receivables that were past due for collection (2019: £ 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 2020	Total £'000	Current £'000	Year 2 £'000	Years 3 to 5 £'000	Years 6 to 10 £'000
Interest bearing loans and borrowings	776,239	65,272	59,319	593,715	57,933
Preference shares	257,947	25,795	25,795	77,384	128,973
Convertible preference shares	–	–	–	–	–
Head leases	1,087	109	109	326	543
Other lease liabilities	1,766	576	245	558	387
Trade and other payables	20,486	7,367	2,827	6,109	4,183
	1,057,525	**99,119**	**88,295**	**678,092**	**192,019**

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**

Details of the interest rates applicable to the Group's long term borrowings and preference shares are given in notes 20 and 21. 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.

	2020 Carrying Value £'000	2020 Fair Value £'000	2019 Carrying Value £'000	2019 Fair Value £'000
Non-current assets				
Loans receivable	24	23	67	63
Restricted cash	76	71	–	–
Derivative financial instruments	2,541	2,541	2,621	2,621
Current assets				
Trade receivables	21,396	21,396	26,475	26,475
Restricted cash	–	–	3,026	3,026
Other current receivables	2,078	2,078	3,653	3,653
Cash and short term deposits	53,122	53,122	68,138	68,138
Non-current liabilities				
Interest bearing loans and borrowings	597,843	603,440	623,168	632,014
Preference shares	251,506	236,451	110,324	131,590
Convertible preference shares	–	–	217,482	202,787
Rent deposits	13,119	9,907	15,779	12,403
Other payables	2,135	2,135	2,844	2,844
Current liabilities				
Interest bearing loans and borrowings	29,609	29,609	60,173	60,173
Rent deposits	4,041	4,041	6,364	6,364
Other payables	3,827	3,827	3,356	3,356

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 33 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, 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.

	2020 £'000	2019 £'000
Non-current liabilities	674,171	928,736
Current liabilities	68,315	111,843
Total borrowings	742,486	1,040,579
Less: cash and short term deposits	53,122	68,138
Less: restricted cash	76	3,026
Net debt	**689,288**	**969,415**
Equity	233,690	365,798
Preference shares	251,506	110,324
Total capital	**1,174,484**	**1,445,537**
Gearing ratio	**58.69%**	**67.06%**

33. Fair value measurement

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

As at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total Fair Value £'000
Assets measured at fair value				
Investment property	–	–	1,089,768	**1,089,768**
Investment property under construction	–	–	26,952	**26,952**
Derivative financial instruments	–	2,541	–	**2,541**

As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total Fair 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**

* 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.

34. 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:-

	2020 £'000	2019 £'000
Within one year	97,308	109,769
In the second year	75,050	80,037
In the third to fifth year (inclusive)	130,097	117,758
After five years	61,475	65,218
	363,930	**372,782**

35. Reconciliation of liabilities arising from financing activities

			Non-cash changes				
Year ended 31 December 2020	**2019 £'000**	**Cash flows £'000**	**Fair value £'000**	**Foreign exchange £'000**	**Share re-designation £'000**	**Other £'000**	**2020 £'000**
Interest bearing loans and borrowings	683,341	3,217	–	(63,026)	–	3,920	**627,452**
Preference shares	110,324	–	–	–	140,384	798	**251,506**
Convertible preference shares	217,482	–	–	–	(222,880)	5,398	**–**
Derivative financial instruments	(2,621)	(2,175)	1,600	655	–	–	**(2,541)**
	1,008,526	**1,042**	**1,600**	**(62,371)**	**(82,496)**	**10,116**	**876,417**

			Non-cash changes				
Year ended 31 December 2019	**2018 £'000**	**Cash flows £'000**	**Fair value £'000**	**Foreign exchange £'000**	**Share re-designation £'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**

	2020 £'000		2019 £'000	
Cash flows relating to interest bearing loans and borrowings comprise:				
Proceeds from long term borrowings		105,141		357,966
Repayment of long term borrowings	(66,537)		(284,431)	
Add: movements in restricted cash	(3,134)		(11,173)	
		(69,671)		(295,604)
Loan amortisation		(29,659)		(22,652)
Bank borrowing costs paid	(43,076)		(54,689)	
Add: Interest paid	40,482		48,922	
Loan origination costs incurred		(2,594)		(5,767)
		3,217		**33,943**

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 and the reissue of convertible preference shares in the year to settle share-based payments.

36. Post balance sheet events

On 26 January 2021 the Company announced that it had agreed to enter into a joint venture, Raven Holdings Limited, with the Company's executive directors and certain senior managers. The Company and Raven Holdings Limited have reached conditional agreements with Invesco Asset Management ("IAM") to buy ordinary shares and preference shares of the Company that are held by IAM as agent for certain of its discretionary managed clients. Under the agreements:-

- the purchase price of the ordinary shares is 21.6 pence per share and the purchase price of the preference shares is 90.8 pence per share;
- 9,850,350 ordinary shares will be bought back by the Company and cancelled;
- 100,000,000 ordinary shares and 32,500,000 preference shares will be acquired by Raven Holdings Limited; and
- the remaining 46,824,074 ordinary shares and 31,071,616 preference shares held by IAM have been conditionally placed with existing and new investors in the Company.

The agreements with IAM are subject to shareholder approval and have a long stop date of 10 May 2021.

The purchase by the Company and the Company's investment in Raven Holdings Limited will be financed by a €60 million debt facility provided by VTB Bank ("VTB"). The facility agreement with VTB was entered into on 3 March 2021, has a five year term and bears interest at 5.65% over EURIBOR.

The agreements with IAM replace the previous conditional contracts that the Company entered into in respect of the ordinary shares, preference shares and convertible preference shares held by IAM, which lapsed on 31 July 2020.

SUPPLEMENTARY INFORMATION

Supplementary information not forming part of the Audited Financial Statements

EPRA Performance measures summary	Table Ref	2020	31 December 2019
EPRA Earnings pence per share			
EPRA Earnings	1	(9.8)	4.3
EPRA Net Asset Values pence per share			
EPRA Net Reinstatement Value ("NRV")	2	49.3	82.9
EPRA Net Tangible Assets ("NTA")	2	49.3	82.9
EPRA Net Disposal Value ("NDV")	2	41.7	71.1
EPRA Yield and Cost Ratios			
EPRA Net Initial Yield ("NIY")	3	9.4%	9.4%
EPRA "Topped-up" NIY	3	9.6%	9.5%
EPRA Vacancy Rate	4	7.2%	11.0%
EPRA Cost Ratio (Vacancy costs included)	5	22.1%	24.8%
EPRA Cost Ratio (Vacancy Costs excluded)	5	20.5%	22.7%
Total EPRA cost ratio (excluding share based payments)	5	21.0%	20.3%

Table 1 - EPRA Earnings	2020 £'000	2019 £'000
Earnings Per IFRS Income Statement	(14,157)	46,018
Adjustments to calculate EPRA Earnings:		
Loss/(Gain) on revaluation of Investment Property	5,043	(47,820)
Loss/(Gain)on revaluation of Investment Property under construction	511	(451)
Changes in fair value of interest rate derivatives	1,600	20,372
Early close out of interest rate derivatives and debt instruments	(1,192)	(2,648)
Profit on re-designation of convertible preference shares*	(45,748)	–
Deferred tax in respect of EPRA adjustments	4,260	8,547
EPRA Earnings	**(49,683)**	**24,018**
Basic Number of Shares (thousands)	506,289	563,890
EPRA Earnings Per Share (p)	**(9.8)**	**4.3**

* The profit arising on the re-designation of convertible preference shares is treated as the early close out of a debt instrument.

Table 2 - EPRA Net Asset Value

	2020 EPRA NRV £'000	2020 EPRA NTA £'000	2020 EPRA NDV £'000	2019 EPRA NRV £'000	2019 EPRA NTA £'000	2019 EPRA NDV £'000
NAV per the financial statements	233,690	233,690	233,690	365,798	365,798	365,798
Dilutive effect of convertible preference shares	–	–	–	217,482	217,482	217,482
Diluted NAV	**233,690**	**233,690**	**233,690**	**583,280**	**583,280**	**583,280**
Fair value adjustment in respect of interest rate derivatives	(2,541)	(2,541)	–	(2,621)	(2,621)	–
Deferred tax in respect of investment property valuation surpluses and depreciation	56,539	56,539	–	64,582	64,582	–
Fair value of preference shares and debt	–	–	9,458	–	–	(30,112)
Real Estate Transfer tax ("RETT")*	–	–	–	–	–	–
NAV	**287,688**	**287,688**	**243,148**	**645,241**	**645,241**	**553,168**
Fully diluted number of shares (thousands)	583,046	583,046	583,046	778,053	778,053	778,053
NAV per Share (p)	**49.3**	**49.3**	**41.7**	**82.9**	**82.9**	**71.1**

* No RETT applies to transactions in Russia

Table 3 - EPRA NIY and Topped-up NIY

		2020 R'000	2019 R'000
Gross Value of Investment Property	**B**	**110,298,657**	**109,909,173**
Annualised passing rents		10,566,614	10,723,196
Irrecoverable property costs		(190,682)	(354,329)
Annualised Net Rent	**A**	**10,375,932**	**10,368,867**
Adjustment for rent free periods		251,432	87,103
Topped-up Net Rent	**C**	**10,627,364**	**10,455,970**
EPRA NIY	**A/B**	**9.4%**	**9.4%**
EPRA Topped-up NIY	**C/A**	**9.6%**	**9.5%**

Table 4 - EPRA Vacancy Rate

		2020 R'000	2019 R'000
Estimated Rental Value of Vacant Space	**A**	688,193	1,040,268
Estimated Rental Value of the Portfolio	**B**	9,610,368	9,421,421
EPRA Vacancy Rate	**A/B**	**7.2%**	**11.0%**

Table 5 - EPRA Cost Ratio

			2020 £'000	2019 £'000
	Property costs		32,768	38,367
	Administration costs		25,917	30,901
Less:				
	Roslogistics and Raven Mount administration costs		(2,251)	(2,768)
	Management fee, service charge income and other costs recovered through rents		(32,560)	(36,147)
	Total costs	A	23,874	30,353
	Share Based Payments		(1,222)	(5,468)
	Total costs before share based payments	B	22,652	24,884
Gross Rental Income				
	Gross rental income		140,503	158,547
Less:	Management fee, service charge income and other costs recovered through rents		(32,560)	(36,147)
	Total Gross rental income	C	**107,943**	**122,399**
	Total costs	A	23,874	30,353
	Vacant property costs		(1,775)	(2,523)
	EPRA total costs excluding vacant property costs	D	**22,099**	**27,829**
Cost Ratios				
	Total EPRA cost ratio (including vacant property costs)	**A/C**	**22.1%**	**24.8%**
	Total EPRA cost ratio (excluding vacant property costs)	**D/C**	**20.5%**	**22.7%**
	Total EPRA cost ratio (excluding share based payments)	**B/C**	**21.0%**	**20.3%**

GLOSSARY OF TERMS

Annualised passing rents
The annualised cash rental income received as at a certain date, excluding the effect of lease incentives.

Central Bank of Russia (CBR)
The central bank authority responsible for setting the key interest rate in Russia.

Cap Rate
Capitalisation rate used in valuation models based on net operating income and asset cost or market valuation.

EPRA
The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations to provide consistency and transparency in real estate reporting across Europe.

EPRA cost ratio
Total costs as a percentage of gross rental income.

EPRA earnings
Recurring earnings generated by the business, excluding items not relevant to the underlying, recurring performance of the portfolio.

EPRA Net Disposable Value (NDV)
The value of net tangible assets, assuming the orderly sale of business assets. This takes into account liabilities such as deferred tax and the difference between the fair value and book value of financial instruments.

EPRA Net Initial Yield (NIY)
EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property.

EPRA Net Reinstatement Value (NRV)
The value of net assets assuming the property portfolio is held for the long term. Assets and liabilities that are not expected to crystallise are excluded, such as deferred tax relating to property valuation surpluses.

EPRA Net Tangible Assets (NTA)
A net asset measure that takes account of the fact that property companies may actively buy and sell assets as part of their business model. This measure will take into account items such as deferred tax liabilities unless it can be demonstrated that portfolios are held for the long term.

EPRA 'topped-up' Net Initial Yield (NIY)
The EPRA 'topped-up' NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Estimated Rental Value (ERV)
The estimated rental value at which space would be let in the market conditions prevailing at the date of valuation (normally the balance sheet date).

Gross Lettable Area (GLA)
The area of a property that can be leased to a tenant.

Gross Rental Income
Rental income for the period from let properties reported under IFRS, after taking into account the net effects of straight-lining for lease incentives, including rent free periods. Gross rental income will include, where relevant, surrender premiums, car parking income and key money received.

Investment Property
The completed investment properties, which includes properties held throughout the period, completed developments and properties acquired during the period.

Investment Property Under Construction (IPUC)
Property or additional phases of a property that can be constructed or developed for future use as investment property under IAS 40.

Irrecoverable Property Costs
Service charges not recoverable from a tenant including those incurred on vacant space.

Lease incentive
Any consideration given or expense borne by the company to secure a lease.

Letter of intent (LOI)
Heads of terms signed with a prospective tenant prior to the preparation of the lease agreement.

Loan to Value (LTV)
The ratio of secured debt facilities to the market value of the property portfolio.

Net operating income (NOI)
Rental income for the period net of property operating expenses.

Property operating expenses
The expenses relating to operating property for a certain period of time for the account of the landlord (including service charges not recoverable because of vacancy).

Rent free period
An incentive provided usually at commencement of a lease during which a customer pays no rent. The amount of rent free is the difference between passing rent and headline rent.

Service charge expenses
The amounts paid and/or accrued by the landlord relating to lettable space for which it has been agreed with tenants to recover these amounts from the tenants periodically.

Service charge income
The amounts received and/or accrued by the landlord in respect of the reimbursement by a tenant of service charge expenses.

Special Purpose Vehicle (SPV)
Corporate vehicles used to acquire and hold single property assets and isolate the security and financial risk of that property.

Square metres (Sqm)
The unit of measurement of gross lettable area.

Topped-up net rent
Annualised net rent is adjusted for rent free periods.

Triple Net Rent
Rent charged under a lease which includes the recharge of costs to the tenant, including property taxes, property insurance, utilities and common area maintenance.

EPRA Vacancy Rate
EPRA Vacancy Rate should be expressed as a percentage being the ERV of vacant space divided by ERV of the whole portfolio at the reporting date.

Vacant space
Unrented lettable space.

APPENDIX

Greenhouse date collection and methodology protocol

The group used the Greenhouse Gas Protocol methodology for compiling its GHG data, and includes the following material GHG's: CO2, N2O and CH4. The Group used the following emission conversion factor sources:

- Direct energy: IPCC 2006 Guidelines for National Greenhouse Gas Inventories
- Natural gas: DEFRA 2020 conversion factor for cubic meters natural gas
- Diesel: DEFRA 2020 conversion factor for litres diesel
- LPG: DEFRA 2020 conversion factor for litres LPG
- Purchased electricity: UK Defra 2020, Russia and Cyprus, IEA Fuel Combustion 2019 and Foreign Electricity Emission Factors
- European market emission factors for electricity: AIB, European Residuals Mixes for 2018
- Office car: DEFRA 20120conversion factor for kilometers of unknown fuel (average car)
- District heating: electricity factors were adjusted using same ratio as between UK electricity and district heating (from DEFRA 2020 conversion factors for UK electricity, and district heat and steam)
- Business travel
- DEFRA 2020 GHG Conversion Factors for flights and rail travel
- Sawdust emissions calculated by Trucost using FAO and IPCC
- As per DEFRA, sawdust, being a bio-fuel source, is an "out of scope" item and is not included with the organisation's total emissions. The value of Scope 1 for the year ended 2020 has been calculated on this understanding. The value of Scope 1 emissions for the year ended 2019, therefore, has been adjusted to reflect the same.

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Primary and Secondary listings:
The Company's ordinary shares and preference shares 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.

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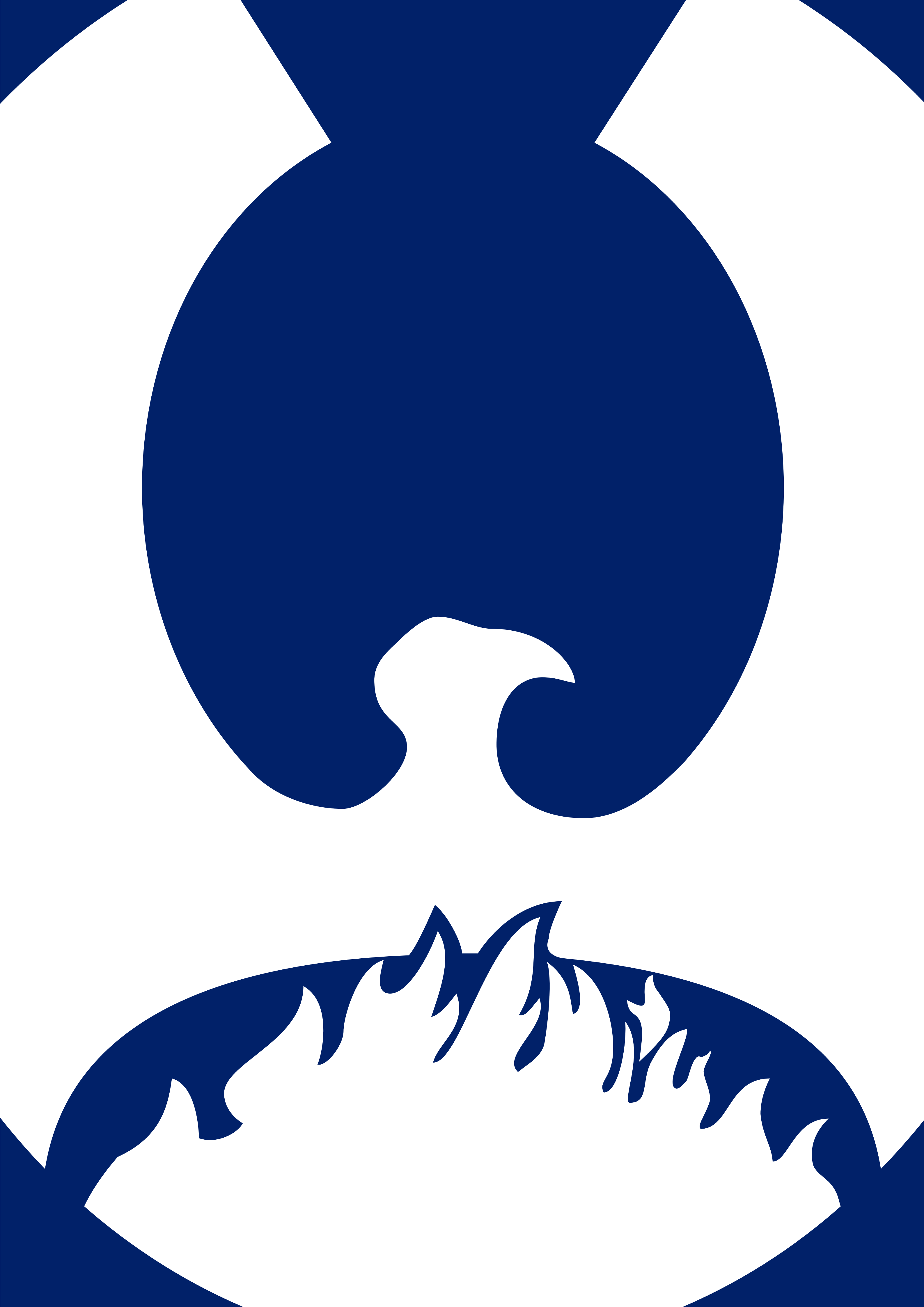

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