RAVEN PROPERTY GROUP LIMITED

Unaudited Shareholder Update – January 2023

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CHAIRMAN'S LETTER

This is not the message I was planning to write a year ago, in January 2022. Events that were unimaginable then have overtaken us. It has been an extremely difficult time for the Board and employees of the Group since 24 February 2022 but that pales into insignificance compared to the plight of those suffering in Ukraine. We hope and pray for peace.

It is difficult to strike a balance between the positive position of the Group at 31 December 2021 and the events since. We deliberated on whether to issue our 2021 Annual Report within our original timetable but concluded it was the correct approach to delay issuing until we could fully explain to stakeholders the decisions made following the events in February 2022. The delay was then exacerbated by our auditors deliberating on their ability to continue to act due to sanctions. What follows will cover the results and achievements in the year to 31 December 2021, some of which may now seem irrelevant but it does allow us to demonstrate the foundations on which we are building an opportunity to secure value for all of our shareholders and employees in the future.

Following the various post balance sheet events which are described in Glyn's Chief Executive's Report, Raven Property Group Limited ("RPG") is no longer a listed entity and has restructured its underlying investment in the Russian property business, now holding non-voting preference shares and two residual loans in the Russian group.

The narrative that follows does not form part of the financial statements as would have been the case when we were a listed entity but we have included what we believe are the salient points that we need to communicate to stakeholders in the following pages.

The Russian business will continue. We assume tenants will continue to meet their obligations, as indeed they have done to date and the Russian asset owning companies will continue to honour their own obligations, principally secured bank debt service.

Assessment of the Company's ability to access funds through its preference share holding and the loans remains uncertain. However, it is clear that in doing so, RPG will not be breaching any sanctions or capital control restrictions and it is now a matter of engaging with counterparties who are willing to accept those funds from the Russian business on our behalf. Since the sale of the Russian business on 14 July 2022 the Board has made positive progress in this regard. There is still some work to do and it is open to the ever deteriorating political situation, but the executives are determined to secure fund flows and ultimately, value for our shareholders wherever possible. The executives will also advise the Russian management, within the framework of sanctions, on the ongoing underlying business in their role as continuing stakeholders.

The delisting of the Company means that a number of costs and listing requirements have dropped away. The executives are aware that the shareholder register has not changed and that an appropriate element of corporate governance oversight will need to continue. With that in mind, the non-executive component of the Board will be reduced to two members, Michael Hough taking the role of non-executive chairman and David Moore continuing as a non-executive director. Russell Field, Phillip Swire and Lysa Hardy have stepped down from the Board as I will following the issue of this update.

For my part, I have thoroughly enjoyed my time as non-executive chairman. It has never been dull. I do feel sorry for Russell, Phillip and Lysa who had all only recently joined the Board and did not have the opportunity to see the business develop as we all wished. They have all been extremely supportive, given these difficult times and extremely gracious in agreeing to step down.

I will leave Glyn to steer you through what the Board has achieved, both in 2021 and in 2022 and I wish the Board and all stakeholders the best of luck in the future.

Sir Richard Jewson
Chairman

CHIEF EXECUTIVE'S REPORT

Despite what occurred in 2022 I believe it is important to spend time on the results for the financial year ended 31 December 2021. They clearly demonstrate the value and potential of the real estate portfolio we built up over 16 years and which is the key to any future value for shareholders.

The original rationale for focussing on logistics warehouses in Russia was the geographic structural undersupply of stock and the potential for producing long term stable cash flows. That rationale has proved robust through the 2008 financial crisis, the initial introduction of sanctions following the annexation of Crimea in 2014, the oil price collapse and rouble free float which damaged the Russian real estate market in 2015 and 2016 and now the extreme sanctions environment the market operates in following events in Ukraine.

The Raven Russia brand is the largest focussed portfolio of its kind in Russia and a market leader in logistics warehouse space.

The year to 31 December 2021 was a successful one for the Group and a summary of the property and financial results is given on pages 5 to 12. Various factors resulted in the logistics warehouse market in Russia reaching historically low vacancy levels, driving significant increases in underlying estimated rental values ("ERVs") and supporting increasing property valuations. Our portfolio occupancy at 31 December 2021 reached 97%. Average, dry warehouse market rents in Moscow which were R4,100 per sqm at the beginning of 2021 ended the year at R5,500 per sqm according to agents' consensus.

The culmination of all of these factors was a strong income statement performance in 2021, an increase of 8.6% in rouble property valuations year on year and an increase in diluted net asset value per share from 40p to 63p at 31 December 2021.

Events since 24 February 2022

The rapid, almost daily, introduction of sanctions by the US, UK and EU following the events of 24 February 2022 caused significant economic risks and operational barriers for the business. Extreme volatility in the foreign exchange markets, the Central Bank of Russia's ("CBR") instant response of increasing the key rate to 20% and the future impact of the sanctions on the Russian economy meant there was fundamental uncertainty over the value of our properties and net assets. Operationally, with a team of UK, EU, Ukrainian and Russian nationals, our ability to deal with sanctioned Russian banks became increasingly restricted with the risks that then entailed given the security these banks held over our assets.

Western counterparties, including our legal advisers, brokers and clearing banks, re-assessed their appetite for engaging with us, a number deciding that sanction risks were too great to carry on a working relationship. Capital controls introduced by Russia and the reluctance of western banks to accept rouble cash flows out of Russia severely limited our ability to access the funds in our subsidiaries, and even if we could access funds, much was held with sanctioned banks making it impossible to extract those funds.

Our Russian debt was hedged with interest rate caps with a weighted average term of 2.7 years. However the counterparties on the majority of those caps were the European subsidiaries of VTB and Sberbank, both of which were being placed into a managed wind down, overseen by the German and Swiss authorities respectively. Within the terms of the moratorium allowed by the relevant European authorities to unwind contracts with these entities, we were successful in liquidating all of the VTB caps and assigning the Sberbank caps to its Russian parent bank. This secured the hedging cover for the Russian business.

In parallel, the market value of our listed instruments fell to new lows and the market uncertainty led to the suspension of the Company's listed ordinary and preference shares. The Board quickly came to the conclusion that any value that could be retained for our shareholders could only be secured by restructuring its investment in the underlying Russian business and introducing a Russian ultimate business owner. As part of this process it became necessary to de-list both our ordinary and preference shares.

An option instrument was then agreed within sanction requirements, which allowed Prestino Limited, a company owned by members of the senior Russian management team, to buy the ordinary shares of our Cypriot intermediary holding company, Raven Russia Holdings (Cyprus) Limited ("RRHCL"). This was also subject to Russian regulatory approval. The option was placed and Prestino purchased the ordinary shares of RRHCL on 14 July 2022.

Extensive advice has been taken and is constantly being updated to ensure that the business adheres to the sanctions in place across the various jurisdictions. Cash resources were moved offshore where possible in the early days of the conflict, to allow the Company to continue.

Raven Property Group today

The management team is focussing all of their efforts on protecting and preserving the value of the Company's investment and ultimately returning to paying dividends to shareholders.

It is about as difficult and complicated an endeavour as one can imagine. Alongside tenant negotiations, the volatile economic cycles, interest rate and currency management in the last ten months we have had to and continue to deal with sanctions, counter sanctions and the reluctance of many counterparties to deal with us at all, even after we have divested the Russian business.

This requires us to be nimble and entrepreneurial in solving the problems we face or anticipate facing. That cannot work as a public company. We have been dealing with external shareholders for many years and understand our responsibilities and our approach to governance through direct discussions with the Group's major shareholders will continue.

All of this is in addition to the personal issue of explaining to friends, family, professionals and banks why we are continuing. Unlike most Brits we know Russia extremely well and have many friends both Russian and Ukrainian which makes the situation still more difficult for us.

None of this will let our commitment falter. We are doing our best for shareholders in an exceptionally tricky environment.

Funds held in the Company allow us to support the business for at least four years without any income being accessed from our investments. We are also currently formulating new five year remuneration arrangements which have been agreed with the Group's larger shareholders and reflect our new structure and objectives. Alongside retention incentives they will focus on rewards linked to cash distributions to shareholders and any potential capital event.

We are grateful for shareholder support on the ownership restructuring and article changes approved at the recent AGM which will undoubtedly protect value.

Currently the Russian operations are profitable and cash generative. All banking obligations are being met and a surplus is being generated. As yet this surplus is not available to shareholders as the Russian business and the Company both have to navigate the fear of sanctions and Russian capital controls. However we hope to find a solution and in the meantime that surplus will build up and potentially pay debt down on an accelerated basis. Currently, a significant amount of work is being undertaken by Prestino to re-domicile its Cypriot entities to the United Arab Emirates. If successful, this will potentially improve RPG's access to cash flows. We will assess if the re-domiciliation of RPG also improves the situation.

Prior to the sale of the business to the Russian management we ring fenced funds in Cyprus and Guernsey to meet medium term needs and we generated significant funds in RRHCL by the timely liquidation of interest rate caps when the Central Bank rate stood at 20%. It is 7.5% at the time of writing.

Just prior to the end of 2022, we were successful in repatriating £8.3 million of those funds to RPG, equating to the value of the caps which matured in 2022. The Board is now considering utilising a portion of these funds as a special dividend for the preference shares, covering the interest accruing on the suspended coupon and part of the March 2022 coupon due.

As these funds were generated in the EU and approved by the German regulator, supporting the source of funds for repatriation was somewhat simpler for the receiving bank but was still a drawn out process. We have not tested repatriation of funds generated in Russia as yet and will not do so until the re-domiciliation process being undertaken by Prestino is completed. The approach of western banks and legislative changes in Russia continue to make the financial environment highly volatile.

The current strategy is to maintain the Company operationally for at least the next 4 years (or for so long as funds allow) to allow geopolitical events to stabilise and work their way out in order to enable the management to negotiate a capital event for the benefit of shareholders should the opportunity arise during that period. To the extent that the Company is able to repatriate funds from Russia in excess of its foreseeable needs, the intention would be to resume distributions, to the limited extent possible, for preference shareholders, reducing the arrears currently accumulating on those shares.

It's been a torrid and stressful time for all involved with Raven but I would like to thank the retiring non-executive directors for their cool heads and wise counsel, particularly Sir Richard who has simply been the best Chairman the Group could have hoped for. So far as advisers are concerned, they showed their true colours and to those that stepped up to help us protect shareholder value and provided vital and valuable advice we thank you. No comment is necessary on those that didn't.

Glyn Hirsch
Chief Executive Officer

PORTFOLIO REVIEW

The narrative below summarises the results for 31 December 2021 and monetary figures are translated at the average exchange rates prevailing in that year or the rates as at 31 December 2021 where applicable.

The final section gives an update on portfolio performance for 2022.

Year to 31 December 2021

Trading in 2021 continued in the shadow of the pandemic. The approach of the Russian government to effectively delegate specific Covid strategy to local authorities avoided mass lockdowns until November 2021, when a week's "fire" break was introduced to combat a rise in the Omicron variant. All of the assets remained operational throughout the year, with appropriate Covid safeguards in place and almost full rent recovery was achieved in 2021.

Portfolio leasing and maturities

Warehouse	Moscow	St Petersburg	Regions
Space ('000sqm)	1,333 (70%)	273 (15%)	286 (15%)
NOI (£m)	69.3 (74%)	10.4 (11%)	14.0 (15%)

Office	Moscow	St Petersburg	Regions
Space ('000sqm)	-	49 (100%)	-
NOI (£m)	-	5.5 (100%)	-

Building on a strong base from 2020, the year to 31 December 2021 saw both an increase in portfolio occupancy and a substantial increase in rents, driven by a lack of supply, higher construction costs and increased demand. Changes in customer shopping behaviour, driven by Covid, created a shift away from traditional retail to online shopping pushing the portfolio occupancy from 94% at the beginning of the year to 97% at year end.

Portfolio maturity profile

'000sqm	2021	2022	2023	2024	2025-2032	Total
Maturity profile at 1 January 2021	359	220	277	273	694	**1,823**
Renegotiated and extended	(125)	(82)	(18)	(10)	(12)	**(247)**
Maturity profile of lease extensions	3	30	12	39	163	**247**
Vacated/break exercised	(262)	25	(3)	(25)	(41)	**(306)**
New lettings	25	12	1	25	298	**361**
Maturity profile at 31 December 2021	**-**	**205**	**269**	**302**	**1,102**	**1,878**

Rent collections for 2021 reached 99.9% and all of our warehouses operated constantly throughout the year, supporting the flow of goods and services to the Russian consumer during the pandemic.

247,100sqm of existing leases were renegotiated and extended in the financial year and 361,100sqm of new leases signed. Significant new lettings included 91,500sqm to Ozon, 28,100sqm to Yandex and 21,700sqm to DNS. A number of major tenants also increased their space with us including Maunfeld taking an extra 18,700sqm and RVI (X5) an additional 12,500sqm.

Space vacated on maturity, breaks exercised and early terminations totalled 305,800sqm during the year, the largest being 72,700sqm of short term lets from Wildberries, 58,800sqm from DSV, 16,400sqm from Roslogistics, and 16,000sqm from Mir Instrumenta. Vacant warehouse space at the year end totalled only 63,100sqm or 3% and the office portfolio had only 300sqm of vacancy.

Our leasing strategy focussed on maintaining high occupancy with high quality tenants for the long term whilst keeping a diversified tenant mix across sectors and business types. We also targeted tenants who required capital investment into their premises seeking to "rentalise" these improvements over the term of the lease, creating enhanced returns. We worked with our existing customers to expand our relationships with them so we have multi-locational tenants who occupy space in more than one project.

The table below shows the significant relationships within the portfolio:

Tenant	Space, SQM	Number of sites	NOI, mln rub	WAULT, years
X5	204,700	3	1,039	9
Roslogistics*	137,700	4	846	2
Ozon	91,500	3	416	5
DIXI	86,300	2	907	2
Bristol	46,700	3	285	2
DNS Retail	42,100	2	170	5
Major Terminal	37,100	2	152	3
Yandex Market	28,100	3	144	5
Electrosystem	26,900	2	116	5
Simple Wine	26,000	3	116	2
OSG Records Management	17,200	2	77	2

* Wholly owned subsidiary

We continued to invest in and improve the portfolio in an energy efficient and sustainable way, including the completion of the first phase of our Rostov solar plant in August 2021. This had a capacity of 0.5MW and produced 146,000Kwh in 2021. The second phase of an additional 0.5MW was completed in March 2022. Total production in the first six months of 2022 was 606,000Kwh representing 12% of the project's electrical energy needs.

The portfolio is almost wholly rouble denominated with only 3% (2020: 8%) of our warehouse GLA occupied under legacy US dollar denominated leases which had an average warehouse rental level of $156 per sqm (2020: $177 per sqm) and a weighted average term to maturity of 1.7 years (2020: 2.1 years) at 31 December 2021. Rouble denominated leases had an average warehouse rent of R5,096 per sqm (2020: R4,973 per sqm) and weighted average term to maturity of 4.2 years (2020: 4.1 years). Rouble leases had an average minimum annual indexation of 5.3% (2020: 5.6%).

Warehouse investment portfolio

Moscow

The portfolio has ten warehouse projects in Moscow totalling 1.3 million sqm.

Warehouse complex	Space ('000sqm)	2021 NOI (£m)	Year end Occupancy
Sever	254	11.9	93%
Pushkino	214	10.0	97%
Istra	207	11.9	96%
Noginsk	203	15.8	100%
Klimovsk	158	7.7	99%
Krekshino	120	6.2	95%
Nova Riga	68	2.8	100%
Lobnya	52	0.3*	100%
Sholokhovo	45	1.9	100%
Southern	14	0.8	81%

* Excludes Roslogistics

Occupancy in Moscow year on year improved to 97% (2020: 92%) with a number of new lettings including 83,400sqm to OZON, 21,700sqm to DNS, 18,700sqm, to Maunfeld, 18,000sqm to Yandex and 16,100sqm to Sladkaya Zhizn.

PORTFOLIO REVIEW

St Petersburg and Regions

Warehouse complex	Space ('000sqm)	2021 NOI (£m)	Year end Occupancy
St Petersburg			
Shushary	148	5.1*	99%
Gorigo	88	3.6	95%
Pulkovo	37	1.7	89%
Regions			
Novosibirsk	121	5.5*	97%
Rostov	101	4.5*	95%
Nizhny Novgorod	65	4.0	100%

* Excludes Roslogistics

Of the regional markets, St Petersburg recorded the highest level of rental growth in 2021, with rents comfortably over R6,000 per sqm at year end. In the three other regional cities, occupancy and rents also rose. Significant deals included 10,000sqm to Yandex at Shushary and Rostov, and 8,100sqm to OZON at Rostov.

Warehouse portfolio tenant mix

Warehouse Tenant Type	Distribution	Retail	Manufacturing	Third Party Logistics operators	E-commerce	Other
Space ('000sqm)	356 (20%)	631 (34%)	293 (16%)	339 (19%)	186 (10%)	24 (1%)

The tenant mix remained diverse with the proportion of space leased to e-commerce companies increasing to 10% at the year end, although many of our other tenants are also utilising their space to service online demand. However, the influence of e-commerce on the letting market still remained small compared to other European markets.

Office investment portfolio

Office	Space ('000sqm)	NOI (£m)	Occupancy
St Petersburg			
Kellerman	22	2.6	99%
Constanta	16	1.7	100%
Primium	11	1.2	100%

As with virtually all major cities, the St Petersburg Government encouraged people to work from home where possible during the height of the pandemic. Despite this, we did not see any meaningful drop off in demand at our properties and rental levels remained unchanged. Occupancy at Primium did not change year on year and the property was fully let at the year end. At Kellermann, which is multi let to 29 tenants, there were 5,400sqm of lease renewals during the year and 1,100sqm of new lettings, resulting in a growth in occupancy from 95% at the beginning of the year to 99% at the year end. At Constanta, the long term tenant, Lenenergo, remained in occupation throughout the year.

Portfolio yields

Use/Year	Moscow (%)	St Petersburg (%)	Regions (%)
Warehouse			
2020	8.50-11.70	12.10-12.30	10.75-12.20
2021	8.50-13.30	13.40-13.60	10.75-13.50
Office			
2020		11.75-12.00	
2021		13.00-13.25	

The investment properties and additional phases of existing projects were valued by Jones Lang LaSalle ("JLL") as at 31 December 2021, in accordance with the RICS Valuation, Global Standards, and are carried at a market value of £1.223billion. In rouble terms, the value of the properties increased by 8.6% year on year.

JLL held exit cap rates at 10% in Moscow but increased discount rates by 1.5% to a baseline of 12.5% to reflect the increase in the CBR rate in 2021. The range of yields quoted across all sectors reflected 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 published, adjusted for individual property sectors.

Interest in the investment market rose during the year compared to 2020 and the total value of investment transactions across all sectors increased by 30% to $5.4 billion. Interest in the warehouse sector was at an all time high with investment rising by 60% to $1.2 billion.

Land bank

Within the portfolio there are substantial land holdings available for future development comprising 81.1ha of land adjacent to completed properties and a land bank of 72ha. The process of obtaining construction permits continues at Noginsk, Gorigo, and Nizhny Novgorod. Once obtained, along with Nova Riga where it is possible to build 95,000sqm, there is the capacity to add more than 190,000sqm.

Year to 31 December 2022

The potential impact of the Covid pandemic has somewhat receded since the events of February 2022 but the underlying portfolio has continued with a high level of occupancy and rent recovery in 2022.

Warehouse investment portfolio

Preliminary results for 2022 reflect an average occupancy in the year of 96%, beginning 2022 at 97% and ending at 96%. There were 281,000sqm of lease renewals and renegotiations, 197,000sqm of tenants' vacating, 66,000sqm of existing tenant expansion and 112,000sqm of new lettings in the year. There was also full rent recovery in the year.

Office investment portfolio

Constanta is now vacant following the expiry of the Lenenergo lease in April and a refurbishment and re-letting plan for the property is being prepared. Occupancy for both Premium and Kellerman has remained at 100% and 98.8% respectively.

Market

2022 started strongly with a number of deals signed at very good rent levels over R6,000 per sqm. However, since 24th February 2022, occupational demand has decreased as would be expected in the circumstances. A similar picture has emerged from the construction and development supply side and as a result there has not been a significant step up in market vacancy, although some existing space is now being offered for sublease. Agents estimate vacancy increasing to 5-6% as at 31 December 2022. Rents are likely to pull back to the R5,500 per sqm level. At that level, construction of new warehousing is simply unprofitable and this will likely mean vacancy does not fall further and rents should bottom out reasonably quickly at that level subject to any more significant economic or political shocks. Not surprisingly the investment market in 2022 was very quiet, with both buyers and sellers struggling to understand where yields may have moved to. The levelling off of the CBR key rate should mean yields stabilise, but predicting that level is still difficult today.

FINANCE REVIEW

The finance review covers the results for the year ended 31 December 2021 and comments on the events of 2022, principally the impact of the sale of the underlying group completed on 14 July 2022.

Results for the Year to 31 December 2021

As already noted, the year to 31 December 2021 was a successful one for the Group. Various factors resulted in the logistics warehouse market in Russia reaching historically low vacancy levels, driving significant increases in underlying estimated rental values and supporting increasing property valuations.

Legacy currency pegged leases had virtually been eradicated from the market by the year end, leaving, for the first time, a rouble rental market directly impacted by local inflationary pressures rather than vicariously through exchange rate mechanisms. The relatively rapid increase in inflation during the year, beginning 2021 at 4.25% and ending the year at 8.4%, combined with a weak rouble, significantly increased the cost of construction. This led to a sharp decline in the supply of new warehouse stock with pressure on the market exacerbated by growing demand from the e-commerce sector.

The downside of the inflationary pressures was a commensurate increase in the CBR key rate, doubling from 4.25% at the beginning of the year to 8.5% at 31 December 2021.

The impact of a full year of the pandemic and the ever present threat of additional US and EU sanctions in 2021, resulted in the weakest annual average rouble exchange rates we had experienced. The CBR key rate hikes supported a strengthening of the currency in the last quarter of 2021 but this was undermined by the rising tensions with Ukraine towards the end of December 2021, the sterling spot rate at the year end falling back to a similar level as at the beginning of the year.

The weaker average rouble exchange rate during the year dampened our underlying sterling earnings before unrealised foreign exchange movements but with year end spot rates similar to those at the end of 2020, our sterling balance sheet reflected the performance of the underlying warehouse market without too much foreign exchange distortion. The culmination being an increase of 8.6% in rouble property valuations and an increase in diluted net asset value per share from 40p to 63p year on year.

Income Statement

Underlying Earnings (Adjusted non IFRS measure)	**2021** **£'000**	**2020** **£'000**
Net rental and related income	106,065	113,090
Administrative expenses	(20,567)	(23,120)
Share based payment (charge)/credit	(538)	557
Foreign exchange profits/(losses)	11,357	(53,675)
Share of losses of joint ventures	(73)	(127)
Operating profit	96,244	36,725
Net finance charge	(62,748)	(62,186)
Underlying profit/(loss) before tax	33,496	(25,461)
Tax	(8,502)	(9,247)
Underlying profit/(loss) after tax	**24,994**	**(34,708)**
Underlying profit before foreign exchange gains/(losses)	13,637	18,967

Net operating and related income ("NOI")

NOI grew by 2.7% in rouble terms during 2021 on increasing market rental levels and higher occupancy. In sterling terms however, we saw a drop in NOI on weaker average exchange rates in the year, with the average sterling/rouble rate 101.34 compared to 92.57 in 2020. This is the principal reason for the drop in underlying profit before unrealised foreign exchange movements, from £19.0 million in 2020 to £13.7 million in 2021.

Administrative expenses

The largest element of our underlying administrative expenses relates to payroll. Employment costs increased from £11.2 million to £12.8 million on inflationary increases in the year and the provision for 2021 bonuses. Similarly, directors' cash remuneration increased from £2.9 million to £4.3 million, including the provision for 2021 bonuses. The lower comparative figure also reflects the waiver of a significant portion of directors' bonuses in 2020 given the uncertainty of the impact of the pandemic at the time and also the fact that a portion of bonuses was taken in the Company's listed instruments as share based payments in that year.

Administrative costs for 2020 also included a provision of £2.8 million for settlement of a vexatious claim brought against one of our Russian subsidiaries by the receiver of a tenant who declared bankruptcy in 2018. Following our successful appeal to the Supreme Court, this ruling was overturned and the provision has been released in the 2021 figures.

Underlying net finance charge

Our rouble denominated debt facilities were exposed to the increase in the CBR key rate in the year. The average cost of debt increased from 5.48% in 2020 to 7.58% in 2021, putting upward pressure on our underlying rouble net finance cost. The weaker average rouble exchange rate in the year offsets some of this additional cost when translated to sterling.

Foreign exchange

The foreign exchange profit in our underlying income statement of £11.4 million (2019: loss of £53.7 million) relates, principally, to the translation of euro debt on the balance sheets of our Russian subsidiaries and as such, is a factor of the closing euro/rouble spot rate. This improved year on year, starting 2021 at 90.68 and closing at 84.07.

IFRS earnings

IFRS earnings	2021 £'000	2020 £'000
Net rental and related income	106,065	113,090
Administrative expenses	(23,027)	(24,695)
Share based payments and other long term incentives	(3,568)	(1,222)
Foreign exchange profits/(losses)	13,738	(53,675)
Share of profit/(loss) of joint ventures	2,429	(127)
Profit on disposal of joint venture	162	-
Operating profit	95,799	33,371
Profit/(loss) on revaluation of investment property	88,089	(5,554)
Gain on re-designation of convertible preference shares	-	45,748
Net finance charge	(58,055)	(72,589)
IFRS profit before tax	125,833	976
Tax	(19,835)	(15,133)
IFRS profit/(loss) after tax	**105,998**	**(14,157)**

The main differences between underlying earnings and IFRS earnings in the year and in comparison to prior year relate to:

- the one off profit of £45.7 million generated on the re-designation of convertible preference shares in 2020;
- the movement in the revaluation of our property portfolio, a profit of £88.1 million in 2021 and a loss of £5.6 million in 2020, with a related deferred tax charge of £5.7 million (2020: credit of £1.3 million);
- the profit on mark to market of our interest rate derivatives of £9.5 million in the year as the CBR key rate doubled from 4.25% to 8.5% compared to a loss on mark to market in 2020 of £1.6 million in a year where the key rate dropped from 7.75% to 4.25%;
- the share of the profit on the JV set up to acquire the Company's listed instruments from Invesco during the year;
- administrative costs including the one off transaction costs of £1.3 million for the share buy back; and
- an increased charge on the long term incentive plan through the share based payments line.

Taxation

The weaker average rouble exchange rate during the year reduced the sterling equivalent of our current taxation charge as reflected in underlying earnings. The IFRS tax charge increases with the deferred tax charge on the improved investment portfolio valuations.

Investment properties

Investment properties and investment properties under construction

	2021 £m	2020 £m
Investment properties	1,188	1,090
Investment properties under Construction	24	27
	1,212	**1,117**

Property valuations at 31 December 2021 reflected the undersupply of space in the market and the significant increase in ERVs in the year. The increasing CBR key rate meant some resistance to yield movement year on year. The profit on revaluation of investment property reflected in the IFRS income statement is £88.1 million compared to a loss of £5.6 million in 2020.

Debtors and creditors

Debtors

	2021 £m	2020 £m
Other receivables (non current)	49,543	14,440
Derivative financial instruments	14,327	2,541
Trade and other receivables	20,642	19,381

Other receivables include the loan of £34.3 million due from the new joint venture, explained below. The derivative financial instruments value reflects the fact that CBR key rate caps were "in the money" at the year end.

Creditors

	2021 £m	2020 £m
Trade and other payables	35,312	39,189
Other payables (non current)	14,556	15,255

The most significant movement in trade and other payables during the year relates to a continuing reduction in tax provisions required. There is also a switch to a cash bonus provision for 2021 from a share based payment provision in 2020.

Cash and debt

Cash flow summary

	2021 £m	2020 £m
Net cash generated from operating activities	79,380	77,649
Net cash used in investing activities	(56,106)	(9,909)
Net cash used in financing activities	(23,888)	(70,087)
Net decrease in cash and cash equivalents	(614)	(2,347)
Effect of foreign exchange rate changes	1,248	(12,669)
Decrease in cash	634	(15,016)
Closing cash and cash equivalents	**53,756**	**53,122**

Cash balances remained flat year on year. Net finance raised of £80.2 million covered the investment in and loans to the joint venture of £51.1 million and the direct buy back of shares of £7.2 million, together with recycling our debt amortisation of £23.4 million. Cash generated from operating activities of £79.4 million contributed to all other items including interest paid of £44.6 million, preference share dividends of £25.4 and capital expenditure of £9.1 million.

The net finance raised in the year changed the debt profile as follows:

Bank debt

	2021 £m	2020 £m
Fixed rate debt	-	5
Debt hedged with caps	666	561
	666	566
Unhedged debt	7	66
	673	632
Unamortised loan origination costs and accrued interest	(5)	(5)
Total debt	**668**	**627**
Weighted average cost of debt	7.58%	5.48%
Weighted average term to maturity	3.3	4.1

The currency profile of secured debt at 31 December 2021 was:

	€ millions	RUB millions
31 December 2021	292	42,830
31 December 2020	277	38,155

The debt maturity profile at the year end was:

	2022	2023	2024	2025	2026	2027 - 2031
Debt maturing £ million	-	103	306	130	62	72
Percentage maturing	-	15.3%	45.5%	19.3%	9.2%	10.7%
Number of facilities	-	2	8	4	2	2

There were four (2020: four) solely euro denominated facilities totalling €150.3 million (2020: €113.0 million), six (2020: five) solely rouble denominated facilities and eight (2020: eight) facilities with a rouble/euro mix. The euro loans increased in the year following the introduction of the €60 million facility to support the acquisition of Invesco's shareholding in the company (see below). The amortisation profile of the mixed facilities is weighted towards the euro element to reduce foreign exchange risk over the term of the facility.

The weighted average total cost of debt increased to 7.58% during 2021 (2020: 5.48%) as CBR rates increased to combat inflation. The majority of facilities were hedged with interest rate caps over the term of the loan. Rouble facility caps had a weighted average strike rate of 7.6% and a weighted term to maturity of 2.4 years. Euro facility caps had a strike rate of 0.89% and a weighted average term to maturity of 3.1 years.

Subsidiaries

Raven Mount

There was no activity in Raven Mount during 2021. Its principal asset remains a land plot in the UK where work continues on obtaining planning permission for residential development.

Roslogistics.

Roslogistics traded in line with expectations, contributing £5.1 million to NOI (2020: £5.3 million) and £3.2 million to profit before tax (2020: £3.2 million). The team were also successful in winning the re-tender for their largest client who they service out of our Shushary project in St Petersburg.

Net asset value

As the closing sterling/rouble exchange rate remained flat year on year, the movement in net asset value was driven by increasing property values, diluted net asset value per share moving from 40p at the beginning of the year to 63p at 31 December 2021.

Post balance sheet events

The events of 24 February 2022 and the subsequent escalation of sanctions, counter sanctions and capital controls forced the Board to make a number of material decisions. Chronologically these were:

- On 17 March 2022 the Company entered into a put option with members of its Russian management team whereby the Group could dispose of its holding in the entire ordinary share capital of Raven Russia Holdings Cyprus Limited ("RRHCL") and hence its Russian property investment business, subject to a number of conditions. By doing so, the Board were protecting the business and its staff in various jurisdictions should sanctions ultimately prevent the business from continuing in its current form;
- Following the fall in the value of the Company's listed instruments and the uncertainty around the value of its investments in Russia, the Company's listings on the London Stock Exchange of both its ordinary shares and preference shares were suspended, also on 17 March 2022;
- The impact of sanctions and countersanctions on the Company's ability to access funds from its Russian subsidiaries caused the suspension of payment on the Company's preference shares with effect from 31 March 2022;
- In fulfilling one of the conditions of the put option, on 29 April 2022 RRHCL restructured its balance sheet with a bonus issue to the Company of newly created preference shares, paid out of RRHCL's share premium account and the consolidation of existing intra group loans between the Company and RRHCL. Following this restructuring, as well as holding the entire ordinary share capital of RRHCL, the Company also held all of the new preference shares with an aggregate nominal value of £712 million, attracting an annual coupon of 10% and two loans payable by RRHCL of £43 million and Rub1,065 million, attracting annual interest of 8% and 15% respectively;
- As it became evident that there would be no short term resolution of hostilities in Ukraine and that sanctions were continuing to escalate, the Company's ordinary and preference shares were de-listed from the London Stock Exchange on 28 June 2022; and
- To allow the business in Russia to continue and in so doing, retain the opportunity for the Company's stakeholders to recover value at some time in the future, the put option was placed with the Russian management team on 14 July 2022 and the ordinary shares in RRHCL sold.

This means that, today, the Group's principal assets are the loans and preference shares in RRHCL and its principal liability its own preference shares.

RAVEN PROPERTY GROUP LIMITED

www.theravenpropertygroup.com

Registered Office
Second Floor, La Vieille Cour, La Plaiderie, St. Peter Port, Guernsey, GY1 1WG