

# Raven Property Group

Accretive acquisition agreed

Acquisition

Real estate

Raven Property Group has conditionally agreed terms on the acquisition of a Grade A warehouse in Moscow. The all-cash acquisition is expected to complete by late September and should have a positive effect on earnings and cash flow. Management hopes to announce further accretive acquisitions during the year. We will review our estimates with the interim results, due for publication on 28 August 2018. Despite economic sanctions, the Russian economy has continued to grow and real estate agents forecast that warehouse demand in the key Moscow region will continue to outstrip supply.

Year end	NOI* (\$m)	PAT** (\$m)	EPS** (c)	DPS (p)	Adj NAV***/ share (p)	Yield (%)	P/adj NAV (x)
12/16	151.7	47.1	6.81	2.5	52	5.6%	0.86
12/17	166.7	56.8	7.41	4.0	60	9.0%	0.74
12/18e	154.6	32.6	4.92	3.0	62	6.7%	0.71
12/19e	150.1	29.9	4.78	3.0	64	6.7%	0.70

Note: \*NOI is net operating income. \*\*PAT and EPS (fully diluted) are underlying, excluding valuation movements, depreciation, share-based payments and exceptional items. \*\*\*NAV is underlying and fully diluted, excluding goodwill, deferred tax on valuation gains, fair value movements on derivative contracts and cumulative FX movements on preference shares. EPS and NAV assume convertible preference share conversion.

Raven has reached agreements, conditional on the satisfaction of certain escrow arrangements, with two selling parties, both incorporated in Russia, to acquire a c 59k sqm Grade A warehouse building, immediately adjacent to the c 195k sqm Sever logistics park in Moscow, which it acquired in November 2017. The property to be acquired is well known to Raven: it is 78% let, with an unexpired weighted average lease term of nine years and annual rent indexation of 6%. The current annualised lease income, before indexation, is RUR231.2m (c US\$3.4m at US\$=RUR68), rising to RUR271.7m (US\$4.0m) when fully let. The consideration totals RUR2.45bn (US\$36.2m), with RUR160.0m (US\$2.4m) deferred for six to eight months. This is to be met from existing cash resources (end 2017 cash and equivalents were US\$266.6m), and in our last [published note](#) we illustrated the potential for acquisitions to more than offset rent reversion to current market levels and return the company to growth.

13 August 2018

**Price** **44.45p**

**Market cap** **£283m**

Net debt (US\$m) as at 31 December 2017 996

Shares in issue 637.1m

Free float 90%

Code RAV

Primary exchange LSE

Secondary exchange TISEA

## Share price performance



## Business description

Raven Property Group invests mainly in Class A warehouses in Russia let to large Russian and international companies. It also owns three office buildings in St Petersburg, a third-party logistics company in Russia (RosLogistics) and a residential development company in the UK (Raven Mount).

## Analysts

Martyn King +44 (0)20 3077 5700

Andrew Mitchell +44 (0)20 3681 2500

[financials@edisongroup.com](mailto:financials@edisongroup.com)

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Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
295 Madison Avenue, 18th Floor  
10017, New York  
US

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia