Company Registration Number: 261910

61668 34

HINES POKROVSKY 1 LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

TABLE OF CONTENTS

COMPANY INFORMATION

DIRECTORS

Karolina Kowalik (resigned 10 July 2014)
Viveshan Pillay (resigned 10 July 2014)
Johanna Daoud (appointed and resigned 10 July 2014)
Anthoulla Demarchou (appointed and resigned 10 July 2014)
Michael Furth (appointed 4 April 2014; resigned 10 July 2014)
Mohamad Kamal (appointed 10 July 2014)
Marina Perianou (appointed 10 July 2014)
Andri Spasiri (appointed 10 July 2014; resigned 30 September 2014)
Ahmad Al Khanji (appointed 30 September 2014)

COMPANY SECRETARY

TMF Administration Services Limited
3rd Floor, Kilmore House
Park Lane
Spencer Dock
Dublin 1
Ireland

REGISTERED OFFICE

3rd Floor, Kilmore House
Park Lane
Spencer Dock
Dublin 1
Ireland

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS' REPORT

The Board of Directors (the "Board") present its annual report together with the audited consolidated financial statements for Hines Pokrovsky 1 Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group, which are unchanged from last year, are to continue leasing out of a 207 unit multi-family residential complex in northwest Moscow.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

The loss of the Group for the year ended 31 December 2014 was USD 10,475 thousand (2013: profit of USD 24,903 thousand). On 31 December 2014 the total assets of the Group were USD 326,087 thousand (2013: USD 351,781 thousand). The decrease of total assets in 2014 compared to 2013 is primarily due to the revaluation of the Group's investment property resulting in a loss of USD 33,181 thousand (2013: increase in value of investment property by USD 12,562 thousand); see also Note 7. The net assets are USD 172,997 thousand (2013: USD 190,532 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory by the directors.

In January 2014, cash balance from its subsidiary, Pokrovsky Hills Realty Limited was transferred to the Company and the bank account was closed. On 10 July 2014, Pokrovsky Holdings LLC, a company incorporated in Qatar acquired the entire share capital of the Company. Pokrovsky Holdings LLC is a 100% owned subsidiary of Qatar Holding, LLC, a company incorporated in Qatar, which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party.

On 30 September 2014, it was proposed by the Board of the Company that the Company will enter into a facility agreement between, amongst others, Pokrovsky Holding LLC and the Company, as borrowers and VTB Bank (an open joint-stock company) as lender, pursuant to which the lender made available to the Company and Pokrovsky Holding LLC a facility in a maximum amount of US$ 180,000,000 on a combined basis, subject to the terms and conditions of the facility agreement.

On 17 June 2014 the subsidiary, Pokrovsky Hills Realty Limited, was voluntarily wound up and dissolved. The residual amount of the investment USD 367 thousand was written off to the Statement of Profit or Loss and Other Comprehensive Income.

GOING CONCERN REVIEW

The consolidated financial statements have been prepared on a going concern basis. In assessing the Company's status as a going concern the directors considered the current intentions and financial position of the Company, the expected performance of the Company's investment property and rental income arising from contracts in place as well as the composition of the Company's current liabilities and concluded that the Company will continue as a going concern and that the consolidated financial statements are appropriately prepared on this basis.

RESULTS

The Group's results for the year are set out on page 10. Interim dividends of USD 6,918 (2013: USD 14,325 thousand) was paid to the shareholders during the year. The Board of Directors recommend the payment of a final dividend of USD 6,931 Thousand (2013: USD 0).

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group did not engage in research and development activities during the reporting periods.

SHARE CAPITAL

There were no changes in the share capital of the Group.

BOARD OF DIRECTORS

The members of the Board at 31 December 2014 and at the date of this report are shown on page 2. Unless otherwise noted, all directors served for the full period.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the group, its affiliated companies, its parent company or its ultimate parent company was a party in which a director or the secretary of the Group had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year. In accordance with the Group's and its subsidiary's Articles of Association there being no requirement for the retirement of directors by rotation, all the directors remain in office.

BRANCHES

The Group did not operate through any branches during the year.

FUTURE DEVELOPMENTS

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant subsequent events since the end of the year until the date of signing of this report that would require an adjustment of the figures or disclosure in the consolidated financial statements.

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties that the Group faces are disclosed in Note 5 and Note 20 of the consolidated financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year.

In preparing these 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 the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:
- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACCOUNTING RECORDS

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

TREASURY SHARES

The Group has not acquired its own shares either itself directly or through a person acting on the Group's behalf.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm in Dublin, Ireland, have expressed their willingness to continue in office in accordance with the provisions of the Companies Act, 2014.

By order of the Board

Ahmad Al Khanji
Director

Marina Perlandu
Director

pwc

Independent auditors' report to the members of Hines Pokrovsky 1 Limited

Report on the financial statements

Our opinion

In our opinion:

- Hines Pokrovsky 1 Limited group and company financial statements (the "financial statements") give a true and fair view of the group's and of the company's assets, liabilities and financial position as at 31 December 2014 and of the group's loss and the group's and company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the consolidated and company statements of financial position as at 31 December 2014;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and company statements of cash flows for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2014.
In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the company financial statements to be readily and properly audited.
- The company statement of financial position is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

pwc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Bligh

John Bligh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
15 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(In thousands of USD)	Notes	31 December 2014	31 December 2013
Assets			
Non-current assets			
Investment property	7	307,700	340,625
Total non-current assets		**307,700**	**340,625**
Current assets			
Trade receivables	9	167	295
Advance paid		69	169
Prepaid insurance		30	41
VAT recoverable		434	717
Other current assets		190	200
Cash and cash equivalents	10	17,497	9,734
Total current assets		**18,387**	**11,156**
Total assets		**326,087**	**351,781**
Liabilities			
Non-current liabilities			
Long-term borrowings from related parties	12.1	-	81,210
Long-term borrowings	12.2	91,610	-
Deferred tax liabilities	19	48,109	54,770
Deposits from tenants	11	1,138	1,579
Total non-current liabilities		**140,857**	**137,559**
Current liabilities			
Short-term borrowings from related parties	12.1	17	9,506
Deferred income	13	7,897	9,572
Accounts payable	14	1,082	903
Deposits from tenants	11	2,246	2,081
Advances from related party		10	10
Current income tax liability		704	1,154
Taxes payable other than income tax		277	464
Total current liabilities		**12,233**	**23,690**
Total liabilities		**153,090**	**161,249**
Shareholder's equity			
Share capital	15	12	12
Additional paid-in capital	15	12,430	12,430
Retained earnings		160,555	178,090
Total shareholder's equity		**172,997**	**190,532**
Total liabilities and shareholder's equity		**326,087**	**351,781**

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

The audited financial statements were approved by the Board, authorised for issue on 10 June 2015 and signed on its behalf by:

Ahmad Al Khanji
Director

Marina Perianou
Director

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

(In thousands of USD)	Notes	31 December 2014	31 December 2013
Assets			
Non-current assets			
Investment property	7	307,700	340,625
Investment in subsidiary	8	-	106
Total non-current assets		**307,700**	**340,731**
Current assets			
Trade receivables	9	167	295
Advance paid		69	169
Prepaid insurance		30	41
VAT recoverable		434	717
Other current assets		190	200
Cash and cash equivalents	10	17,497	9,486
Total current assets		**18,387**	**10,908**
Total assets		**326,087**	**351,639**
Liabilities			
Non-current liabilities			
Long-term borrowings from related parties	12.1	-	81,210
Long-term borrowings	12.2	91,610	-
Deferred tax liabilities	19	48,109	54,770
Deposits from tenants	11	1,138	1,579
Total non-current liabilities		**140,857**	**137,559**
Current liabilities			
Short-term borrowings from related parties	12.1	17	9,506
Deferred income	13	7,897	9,572
Accounts payable	14	1,082	903
Deposits from tenants	11	2,246	2,081
Advances from related party		10	10
Current income tax liability		704	1,154
Taxes payable other than income tax		277	464
Total current liabilities		**12,233**	**23,690**
Total liabilities		**153,090**	**161,249**
Shareholder's equity			
Share capital	15	12	12
Additional paid-in capital	15	12,430	12,430
Retained earnings		160,555	177,948
Total shareholder's equity		**172,997**	**190,390**
Total liabilities and shareholder's equity		**326,087**	**351,639**

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

The audited financial statements were approved by the Board, authorised for issue on 10 June 2015 and signed on its behalf by:

Ahmad Al Khanji
Director

Marina Perlanou
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(In thousands of USD)	Notes	2014	2013
Revenue	16	38,851	39,159
Cost of sales	17	(7,152)	(8,399)
Gross profit		**31,699**	**30,760**
(Loss)/gain on revaluation of fair value of investment property	7	(33,181)	12,562
Administrative expenses	18	(1,084)	(925)
Other operating income		1,268	266
Finance cost	23	(11,070)	(10,054)
Other expenses		(683)	(139)
(Loss)/profit before taxation		**(13,051)**	**32,470**
Income tax credit/(charge)	19	2,576	(7,567)
(Loss)/profit for the year		**(10,475)**	**24,903**
Total comprehensive (loss)/income for the year		**(10,475)**	**24,903**

The results of the Group are derived from continuing operations in the current and prior period.

The Group has no realised gains and losses during the current or prior period other than those disclosed above, and therefore no separate statement of profit or loss and other comprehensive income has been presented.

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

The audited financial statements were approved by the Board, authorised for issue on 10 June 2015 and signed on its behalf by:

Ahmad Al Khanji
Director

Marina Perianou
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(In thousands of USD)	Notes	2014	2013
Cash flows from operating activities			
(Loss)/profit before taxation		(13,051)	32,470
Gain/(loss) on revaluation of fair value of investment property	7	33,181	(12,562)
Finance cost		11,070	10,054
Decrease/(increase) in current assets		246	(405)
(Decrease)/increase in deferred income and deposits from tenants		(1,688)	2,452
(Decrease)/increase in taxes payable other than income tax		(187)	178
Increase/(decrease) in other current liabilities		1,150	(190)
Net cash from operating activities before corporation tax		**30,721**	**31,997**
Income tax paid		(4,535)	(4,006)
Net cash from operating activities		**26,186**	**27,991**
Cash flows from investing activities			
Improvements of investment property	7	(256)	(763)
Net cash used in investing activities		**(256)**	**(763)**
Cash flows from financing activities			
Repayment of borrowings		(181,247)	-
Proceeds from borrowings		181,247	-
Proceeds from disposal of subsidiary		(248)	-
Interest paid		(11,001)	(9,778)
Dividends paid		(6,918)	(14,325)
Net cash used in financing activities		**(18,167)**	**(24,103)**
Net increase in cash and cash equivalents		**7,763**	**3,125**
Cash and cash equivalents at the beginning of the year	10	9,734	6,609
Cash and cash equivalents at the end of the year	10	**17,497**	**9,734**

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(In thousands of USD)	Notes	2014	2013
Cash flows from operating activities			
(Loss)/profit before taxation		(13,051)	32,499
Gain/(loss) on revaluation of fair value of investment property	7	33,181	(12,562)
Finance cost		11,070	10,054
Decrease/(increase) in current assets		246	(405)
(Decrease)/increase in deferred income and deposits from tenants		(1,688)	2,452
(Decrease)/increase in taxes payable other than income tax		(187)	178
Increase/(decrease) in other current liabilities		1,150	(97)
Net cash from operating activities before corporation tax		**30,721**	**32,119**
Income tax paid		(4,535)	(4,099)
Net cash from operating activities		**26,186**	**28,020**
Cash flows from investing activities			
Improvements of investment property	7	(256)	(763)
Net cash used in investing activities		**(256)**	**(763)**
Cash flows from financing activities			
Repayment of borrowings		(181,247)	-
Proceeds from borrowings		181,247	-
Repayment of capital by subsidiary		-	497
Interest paid		(11,001)	(9,778)
Dividends paid		(6,918)	(14,325)
Net cash used in financing activities		**(17,919)**	**(23,606)**
Net increase in cash and cash equivalents		**8,011**	**3,651**
Cash and cash equivalents at the beginning of the year	10	9,486	5,835
Cash and cash equivalents at the end of the year	10	**17,497**	**9,486**

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

The Group

(in thousands of USD)	Share capital	Additional paid in capital	Retained earnings	Total shareholder's equity
Balance at 31 December 2012	**12**	**12,430**	**167,512**	**179,954**
Comprehensive income for the year	-	-	24,903	24,903
Dividends declared during the year	-	-	(14,325)	(14,235)
Balance at 31 December 2013	**12**	**12,430**	**178,090**	**190,532**
Retirement of subsidiary company			(142)	(142)
Comprehensive loss for the year	-	-	(10,475)	(10,475)
Dividends declared during the year	-	-	(6,918)	(6,918)
Balance at 31 December 2014	**12**	**12,430**	**160,555**	**172,997**

The Company

(in thousands of USD)	Share capital	Additional paid in capital	Retained earnings	Total shareholder's equity
Balance at 31 December 2012	**12**	**12,430**	**167,467**	**179,909**
Comprehensive income for the year	-	-	24,806	24,806
Dividends declared during the year	-	-	(14,325)	(14,235)
Balance at 31 December 2013	**12**	**12,430**	**177,948**	**190,390**
Comprehensive loss for the year	-	-	(10,475)	(10,475)
Dividends declared during the year	-	-	(6,918)	(6,918)
Balance at 31 December 2014	**12**	**12,430**	**160,555**	**172,997**

The accompanying notes on pages 14 to 32 form an integral part of these consolidated financial statements.

As permitted by section 304 of the Companies Act, 2014 the Parent company is availing of the exception from presenting its separate Statement of Comprehensive Income in these consolidated financial statements and from filing it with the Registrar of Companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 PRINCIPAL ACTIVITIES

These consolidated financial statements represent the consolidated financial statements of Hines Pokrovsky 1 Limited (the "Company") and its subsidiary Pokrovsky Hills Realty Limited with registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland (collectively referred as the "Group").

The Company was incorporated in Dublin, Ireland in February 1997 to develop an American style suburban residential complex in Northwest Moscow, Russia ("Pokrovsky Hills"). The principal activities of the Company and the Group consist of the development of a 207 unit multi-family residential complex in northwest Moscow and renting out of these units. As of 31 December 2002, the company discontinued the place of its tax registration in Ireland and on 1 January 2003 was registered as a tax resident of Cyprus. On 26 November 2014, the Company became tax resident in Qatar.

Since October 1997, the Company's registered representative office in Moscow, Russia has conducted operations in Russia.

On 26 September 2002, the Company established a 100% subsidiary company, Pokrovsky Hills Realty Limited, incorporated in Cyprus. In the middle of 2013, the liquidation procedure of Pokrovsky Hills Realty Limited was initiated.

On 17 June 2014 the subsidiary, Pokrovsky Hills Realty Limited, was voluntarily wound up and dissolved. The residual amount of the investment USD 367 thousand was written off to the Statement of Comprehensive Income.

As at 31 July 2008 the Company and its immediate parent company Pokrovsky Hills JV Limited were fully acquired by Eagle Holding, a Cayman Island exempted limited company. Eagle Holding's ultimate controlling party as at 31 December 2013 is the Goldman Sachs Group, Inc.

On 10 July 2014, Pokrovsky Holding LLC, a company incorporated in Qatar acquired the entire share capital of the Company. Pokrovsky Holding LLC is a 100% owned subsidiary of Qatar Holding LLC, which is the strategy investment arm of Qatar Investment Authority, the holding company and ultimate controlling party.

2 OPERATING ENVIRONMENT OF THE GROUP

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 21). During 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the Russian Central Bank exchange rate fluctuated between RR 32.7292 and RR 56.2584 per USD;
- the Russian Central Bank key refinancing interest rate increased from 5.5% p.a. to 17.0% p.a. including an increase from 12.0% p.a. to 17.0% p.a. on 16 December 2014;
- the RTS stock exchange index ranged between 1 445 and 791;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

3 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3 BASIS OF PREPARATION – CONTINUED

Presentation currency
All amounts in these consolidated financial statements are presented in thousands of US Dollar ("thousands of USD"), unless otherwise stated. As detailed within the significant accounting policies, the functional currency of all entities in the Group is the US Dollar ("USD").

Going concern
The consolidated financial statements have been prepared on a going concern basis. In assessing the Group's status as a going concern the directors considered the current intentions and financial position of the Group, the expected performance of the Group's investment property and rental income arising from contracts in place as well as the composition of the Group's current liabilities and concluded that the Group will continue as a going concern and that the consolidated financial statements are appropriately prepared on this basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Consolidated financial statements
Subsidiaries are those companies and other entities (including special purpose entities) in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.

The consideration transferred for the acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its earning amount and all other transaction costs associated with the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Group and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

Financial instruments – key measurement terms
Depending on their classification financial instruments are carried at cost, fair value, or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these consolidated financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense are not presented separately and are included in the carrying values in the Consolidated Statement of Financial Position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments
All financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial instruments that require delivery within the time frame established by regulation or market convention are recorded at trade date, which is the date that the Group commits to deliver a financial instrument. All other purchases and sales are recognised on the settlement date with the change in value between the commitment date and settlement date not recognised for assets carried at cost or amortised cost; recognised in profit or loss for trading securities, and recognised in shareholder's equity for assets classified as available for sale.

Derecognition of financial assets
The Group derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Investment property
Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold buildings.

Investment property is initially measured at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as income capitalisation method, where market value is estimated from the expected future benefits to be generated by the property in the form of income streams from the renting out of premises. The method considers net income generated by comparable property, capitalised to determine the value for the subject property.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value of investment property excludes prepaid or accrued operating lease income, which is recognised as a separate liability or asset in the consolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Rental income earned is recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group. Gains and losses resulting from changes in the fair value of investment property are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group and presented separately.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group during the financial period in which they are incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

The fair value of investment property is determined annually by independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Trade receivables and advances paid
Trade receivables and advances paid include prepayments for construction works, rent and other receivables. Receivables and prepayments are carried at amortised cost. Where there is evidence that it is probable that any part of the receivables or prepayments is not recoverable in full in accordance with contractual terms, a provision for the unrecoverable amount is recognised.

Deferred lease commissions
Deferred lease commissions are recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group on a straight-line basis over the lease term and are presented at cost.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents are items that can be converted into cash within three months or less. Amounts, which relate to funds that are of a restricted nature, are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

Borrowings
Borrowings are non-derivative liabilities. The borrowings are initially recognised at fair value and are accounted for at amortised cost using the effective interest method over the term of the loan. On inception, any difference between the fair value of the borrowings from related parties at initial recognition and the proceeds received is recognised directly in shareholder's equity. Borrowing costs that accrue on loans are initially capitalised during the period of construction and included as part of property development costs.

Accounts payable
Accounts payable are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Deferred income
Deferred income comprises advance rental payments from tenants and is recognised as rental income on a straight-line basis over the lease term.

Deposits from tenants
In accordance with lease agreements, deposits from tenants are considered to be security deposits for lease of residential property. Deposits from tenants are carried at amortised cost.

Share capital
Ordinary shares are classified as shareholder's equity.

Additional paid-in capital
The unconditional additional capital contribution made by the immediate shareholders is recognised as an additional paid in capital. Such additional paid-in capital is made for no consideration, is non-refundable, non-interest bearing and gives the immediate shareholders no rights to a share in the capital or assets of the Group or rights as those members in the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which they are approved by the Company's shareholders.

Income taxes
Income taxes have been provided for in the consolidated financial statements in accordance with Irish and Russian legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income and Other Comprehensive Income of the Group except if it is recognised directly in shareholder's equity because it relates to transactions that are also recognised, in the same or a different period, directly in shareholder's equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantially enacted at the end of the reporting period that are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Leases
When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are expensed on a straight-line basis over the period of the lease in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group and presented within the line administrative expenses.

Revenue and expense recognition
Rental income is recognised in the Consolidated Statement of Comprehensive Income and Other Comprehensive Income of the Group on a straight-line basis over the lease term. Rental revenue received in advance is recognised as deferred income in the Consolidated Statement of Financial Position. All other income and expense items are generally recorded on an accruals basis by reference to completion of the specified transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account in profit or loss for the year.

Foreign currency translation
The functional currency of the Group is the US Dollars. While the Group's principal activities are carried out in the Russian Federation, a significant part of the group's operations are conducted in US Dollars such as leasing contracts and borrowing agreements with related parties. All amounts in these consolidated financial statements are presented in thousands of USD, unless otherwise stated.

Transactions denominated in currencies other than US Dollars 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income of the group. At 31 December 2014 the principal rate of exchange used for translating Russian Rouble balances was USD 1 = RR 56.2584 for items in the Statement of Financial Position (as at 31 December 2013: USD 1 = 32.7292) and USD 1 = RR 38.4217 for the Consolidated Statement of Comprehensive Income and Other Comprehensive Income items (as at 31 December 2013: USD 1 = RR 31.9063).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Staff costs and related contributions

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax or the payments to the statutory defined contribution scheme.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those individual estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the Consolidated Financial Statements and estimate that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of investment property

Investment property is stated at its fair value based on reports prepared by an international valuation company at each reporting date. Due to the nature of the property and lack of comparable market data, the fair value of investment property is estimated based on the income capitalisation method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams.

Management reviewed the appraisers' assumptions underlying income capitalisation method used in the valuation, and confirmed that factors such as the equivalent yield applied have been appropriately determined considering the market conditions at the end of the reporting period. The principal assumptions underlying the estimate of the fair value of the investment property are the equivalent yield and the estimated rental value. The current rental income is based on the current lease agreements. The estimated rental value is the rate which is considered the property would be leased at on the date of valuation.

The rental value was assumed to USD 34,086 thousand and the equivalent yield was assumed to 10.25% as at 31 December 2014.

Should this rental value be increased/decreased 10% above and below current estimated rental value and equivalent yield be increased/decreased by 50 basis points either side, the carrying value of the investment property would vary as follows:

Sensitivity analysis – as at 31 December 2014	Estimated Rental Value in thousand USD		
	30,677	34,086	37,495
Yield	-10% (relative)	0% (relative)	+10% (relative)
9.75%	296,527	323,439	350,351
10.25%	282,265	307,700	333,123
10.75%	269,325	293,411	317,498

The rental value was assumed to USD 33,771 thousand and the equivalent yield was assumed to 9.5% as at 31 December 2013.

Should this rental value be increased/decreased 10% above and below current estimated rental value and equivalent yield be increased/decreased by 50 basis points either side, the carrying value of the investment property would vary as follows:

Sensitivity analysis – as at 31 December 2013	Estimated Rental Value in thousand USD		
	30,394	33,771	37,148
Yield	-10% (relative)	0% (relative)	+10% (relative)
9.0%	328,674	359,683	390,688
9.5%	311,498	340,625	369,768
10.0%	296,037	323,494	350,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES – CONTINUED

Functional currency

The functional currency of the Group is the USD based on the underlying economic conditions of the Group's operations. This determination of what the specific underlying economic conditions are requires judgement. In making this judgement, the Group evaluates among other factors the sources of revenue and expenses, the risks associated with activities of the Group and provision of rental services to foreign companies and embassies operating in Russia. Moreover, the majority of the Group's operations are denominated in USD and also, the USD is the currency in which its business risks and exposures are managed and the performance of its business is measured.

Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also to Note 21.

Related party transactions

In the normal course of business the Group enters into transactions with its related parties. Financial instruments entered into with related parties are initially recognised based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions on the open market and effective interest rate analysis.

6 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

As of the date of the authorisation of the Consolidated Financial Statements, all International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instalments: Recognition and Measurement" relating to portfolio hedge accounting.

During the year ended 31 December 2014 the Group adopted all the new and revised IFRS's that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of those consolidated financial statements the following financial reporting standards were issued by the IASB but were not yet effective:

(i) Adopted by the European Union

New standards and interpretation adopted

- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 July 2014)
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014
- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014).

(ii) Not adopted by the European Union

A brief outline of the likely impact on future financial statements of IFRSs which are issued by the IASB but not yet effective and have not been adopted in the consolidated financial statements are as follows:

6 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS – CONTINUED

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014 and is subject to EU endorsement. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 replaces IAS 39 in its entirety. This final version of IFRS 9 includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the incurred loss impairment model used today. IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flow represents solely payments of principal and interest. An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group. The Group is currently assessing the impact of the new standards and amendments on its consolidated financial statements.

7 INVESTMENT PROPERTY

	The Group		The Company	
(in thousands of USD)	**2014**	**2013**	**2014**	**2013**
Carrying value at 1 January	340,625	327,300	340,625	327,300
(Loss)/gain on revaluation of investment property	(33,181)	12,562	(33,181)	12,562
Improvements of investment property	256	763	256	763
Carrying value at 31 December	**307,700**	**340,625**	**307,700**	**340,625**

Valuation processes

The Group's investment property were valued at 31 December 2014 by independent professionally qualified valuers, Jones Lang LaSalle, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For all investment property, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team verifies all major inputs to the independent valuation report, assesses property valuation movements compared to prior year valuation report, and holds discussions with the independent valuer.

Valuation approach

There are no observable inputs to determine the fair value of the asset and therefore the fair value measurement was classified as Level 3. The whole balance was classified as Level 3, no reclassifications between categories were made during the year (2013: nil). The valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

- Future rental cash inflows based on actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date;
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

7 INVESTMENT PROPERTY – CONTINUED

The estimated rental value is based on current lease agreement and amounts to USD 34,086 thousand per annum. For expiring leases a one month void period was applied and for vacant properties a three month void period. Non-recoverable costs were taken into account as well as a 2% Furniture Fixture and Equipment reserve.

The valuation reflects the equivalent yield of 10.25%, an initial yield of 9.42% and a reversionary yield of 10.20%.

For a sensitivity analysis (up and down 10%) with respect to estimated residual value and equivalent yield refer to paragraph "valuation of investment property" of Critical Accounting Estimates and Judgements in Applying Accounting Policies – Note 5.

As at 31 December 2014, the investment property of the Group with a fair value of USD 307,700 thousand (2013: USD 340,625 thousand) was pledged as a collateral to secure the Group's and Group parent's borrowing (2013: Group parent's borrowings from UniCredit Bank Austria AG and ZAO Unicredit Bank).

As at 31 December 2014 and 2013, investment property was stated at fair value including land lease rights.

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

(in thousands of USD)	31 December 2014	31 December 2013
Not later than 1 year	23,239	26,552
Later than 1 year and not later than 5 years	28,918	34,387
Later than 5 years	3,903	15,684
Total operating lease payments receivable	**56,060**	**76,623**

8 INVESTMENT IN SUBSIDIARY

As at 31 December 2014 and 31 December 2013, details of the Company's subsidiary are as follows:

Name	Nature of business	Country of registration	Percentage of Company's direct holding ownership		Cost (in thousands of USD)	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
Pokrovsky Hills Realty Limited	Real estate	Cyprus	-	100%	-	106
Total investment in Subsidiary			**-**	**100%**	**-**	**106**

On 17 June 2014 the subsidiary, Pokrovsky Hills Realty Limited, was voluntarily wound up and dissolved.

9 TRADE RECEIVABLES

Trade receivables in the amount of USD 167 thousand outstanding at 31 December 2014 (Company: USD 167 thousand) and in the amount of USD 295 thousand outstanding at 31 December 2013 (Company: USD 295 thousand) have contractual maturities of less than one year and are neither past due, nor impaired and are collaterised by the deposits from tenants (Refer to Note 11).

Trade receivables are denominated in US Dollars and Russian Roubles. As at 31 December 2013, the trade receivables of the Group with a fair value of USD 295 thousand were pledged to secure the Parent's borrowings from Unicredit Bank (Austria) AG.

10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Current accounts with banks	17,497	9,734	17,497	9,486
Total cash and cash equivalents	**17,497**	**9,734**	**17,497**	**9,486**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

10 CASH AND CASH EQUIVALENTS – CONTINUED

The analysis by credit quality of cash and cash equivalents is as follows:

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Foreign banks				
Deutsche Bank (Germany)	-	248	-	-
Unicredit Bank (Austria)	10,003	7,460	10,003	7,460
Qatar National Bank (Qatar)	169	-	169	-
Russian bank				
JSC VTB Bank (Russia)	6,927	-	6,927	-
Russian subsidiary of foreign bank				
ZAO Unicredit Bank (Russia)	398	2,026	398	2,026
Total cash and cash equivalents	**17,497**	**9,734**	**17,497**	**9,486**

As of 31 December 2014, JSC VTB Bank (Russia) and ZAO Unicredit Bank (Russia) has the long-term Fitch rating of BBB-, Unicredit Bank (Austria) has the long-term Fitch rating of BBB+ and Qatar National Bank (Qatar) has the long-term Fitch rating of AA-. As of 31 December 2013, ZAO Unicredit Bank (Russia) has the long-term Fitch rating of BBB, Unicredit Bank (Austria) has the long-term Fitch rating of A and Deutsche Bank (Germany) has the long-term Fitch rating of A+. None of the balances were past due or impaired.

As at 31 December 2014 and 2013 the Group held cash and cash equivalents in Russian Roubles and US Dollars as follows:

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Russian Roubles	1,294	2,026	1,294	2,026
US Dollar	16,203	7,708	16,203	7,460
Total cash and cash equivalents	**17,497**	**9,734**	**17,497**	**9,486**

11 DEPOSITS FROM TENANTS

Deposits from tenants are represented by deposits which are held as collateral until all the settlements on rent agreements between the Group and tenants are finalised. These deposits have zero nominal interest rates.

The following table presents the maturities of undiscounted cash flows on deposits from tenants, which is based on the analysis of the minimum periods before the final settlements on rent agreements between the Group and tenants are finalised:

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Within 1 year	2,246	2,081	2,246	2,081
From 1 to 5 years	1,138	1,579	1,138	1,579
Total deposits from tenants	**3,384**	**3,660**	**3,384**	**3,660**

As at 31 December 2014 and 2013 the Group held deposits from tenants in Russian Roubles and US Dollars as follows:

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Russian Roubles	603	629	603	629
US Dollar	2,781	3,031	2,781	3,031
Total deposits from tenants	**3,384**	**3,660**	**3,384**	**3,660**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

12.1 BORROWINGS FROM RELATED PARTY

	The Group		The Company	
(In thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Borrowings	17	90,147	17	90,147
Interest accrued	-	569	-	569
Total borrowings from related party	**17**	**90,716**	**17**	**90,716**

In November 2014 substantially all borrowings from related party were repaid.

12.2 BORROWINGS

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Borrowings	91,100	-	91,100	-
Interest accrued	510	-	510	-
Total borrowings	**91,610**	**-**	**91,610**	**-**

On 15 October 2014, the Group and its parent signed a facility agreement with VTB Capital plc. in the total amount of USD 180,000 thousand on a combined basis. USD 91,100 thousand under this agreement can be requested by the Group that was done as of 31 December 2014. Purpose of the facility agreement is to refinance borrowings attracted from the related party. Maturity date of the borrowings is 15 October 2019, interest rate is 6.5%.

Maturity analysis of borrowings and borrowings from related party (undiscounted cash flows) are as follows:

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Within 1 year	6,449	10,054	6,449	10,054
From 1 to 5 years	114,786	40,216	114,786	40,216
More than 5 years	-	109,837	-	109,837
Total borrowings	**121,235**	**160,107**	**121,235**	**160,107**

13 DEFERRED INCOME

Deferred income as at 31 December 2014 amounting to USD 7,897 thousand (Company: USD 7,897 thousand) and correspondent balance as at 31 December 2013 amounting to USD 9,572 thousand (Company: USD 9,572 thousand) consists of advance payments from tenants, which have maturity of less than one year and are denominated in US Dollars and Russian Roubles.

14 ACCOUNTS PAYABLE

	The Group		The Company	
(in thousands of USD)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Accounts payable within 1 year	1,081	903	1,081	903
Total accounts payable	**1,081**	**903**	**1,081**	**903**

Accounts payable are denominated in US Dollars and Russian Roubles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

15 SHARE CAPITAL, ADDITIONAL PAID-IN CAPITAL AND DIVIDENDS

As at 31 December 2014 and 31 December 2013, the authorised issued and fully paid share capital of the Group comprises:

The Company and the Group	Number of ordinary shares	Nominal amount in Euro	Carrying value in thousand of USD
Ordinary shares – presented as equity	10,000	1	12
Total issued and fully paid share capital	**10,000**	**1**	**12**

Share capital is stated in US Dollars at the exchange rate at the date of payment.

Additional paid in capital
The unconditional additional paid in capital was made by the immediate shareholders for no consideration, is non-refundable, non-interest bearing and gives the immediate shareholders no rights to the share in the capital or assets of the Group or rights of the same kind as those of members in the Group. As at 31 December 2014, the amount of the additional paid in capital was USD 12,430 thousand (31 December 2013: USD 12,430 thousand).

Dividends
During the year 2014, the Company declared and paid dividends of USD 692 per share (2013: USD 1433 per share) amounting to USD 6,918 thousand (2013: USD 14,325 thousand).

16 REVENUE

(in thousands of USD)	2014	2013
Rental income	31,973	31,854
Service and management charges	6,525	6,776
Other	353	529
Total revenue	**38,851**	**39,159**

The Group leases out 207 housing units to tenants based on terms of the underlying rent agreements. The lease terms are between two and five years. In accordance with the provisions of the rent agreements some of the tenants have the right to terminate the rent agreement after a certain period of time, stipulated in the agreement, after providing the Group with advance notice, or to exercise a one-time termination option on a particular day stipulated in the agreement.

17 COST OF SALES

(in thousands of USD)	2014	2013
Maintenance and utilities	3,974	5,385
Management services	971	963
Management fee	878	875
Taxes other than income	798	978
Land lease	135	123
Insurance	99	75
Others	297	-
Total cost of sales	**7,152**	**8,399**

Taxes other than income represent property tax expense for the year ended 31 December 2014 and 31 December 2013.

Hines International Inc. (a former shareholder of the Group) provides management services to the Group according to a Property Management Agreement and charges respective fees for management of the Group's residential property disclosed in the line "Management fee" in the table above. Under the agency agreement, the Group agreed to reimburse to Hines International Inc. all reasonable costs incurred by Hines International Inc. The total amount of these reimbursable costs is disclosed in the line "Management services" in the table above.

18 ADMINISTRATIVE EXPENSES

(in thousands of USD)	2014	2013
Expenses related to subsidiary liquidation	367	-
Telephone and communications	198	52
Non-recoverable VAT	179	277
Professional services	141	233
Consulting fee	88	30
Representative expenses	59	78
Bank charges	37	39
Office expenses	10	-
Other administrative expenses	5	216
Total administrative expenses	**1,084**	**925**

Remuneration for all work carried out for the Company by the statutory auditor include:

(in thousands of USD)	2014	2013
Audit of individual accounts (including expenses)	14	14
Total auditors' remuneration	**14**	**14**

The Company has no employees (2013: nil). Accounting and corporate services have been outsourced to the Administrator, TMF Administration Services Limited.

19 INCOME TAX

Corporation tax expense comprises the following:

(in thousands of USD)	2014	2013
Russian Federation:		
- current tax charge	(4,085)	(4,058)
- deferred taxation	6,661	(3,508)
Cyprus:		
- current tax charge	-	(1)
Income tax credit/ (charge)	**2,576**	**(7,567)**

The Group is subject to income tax on taxable profits at the rate of 20% in the Russian Federation. A reconciliation between the expected and the actual taxation charge is provided below. The applicable tax rate is calculated as a percentage of the theoretical tax (charge)/credit over the IFRS profit before taxation of the Group where the theoretical tax charge is calculated as 20% of the profit made by the Group.

The tax on the Group's profit before tax for the year differs from the theoretical amount that would arise using the applicable tax rates as follows:

(in thousands of USD)	2014	2013
(Loss)/profit before tax	(13,051)	32,470
Theoretical tax credit/(charge) – Russian Federation *	2,610	(6,494)
Tax effect of items which are non tax deductible or taxable in Russian Federation:		
- Non-deductible interest on borrowings	-	(840)
- Other non-deductible expenses	(34)	(240)
- Allowances and income not subject to tax	-	8
Tax effect of items which are non deductible or taxable in Cyprus:		
- Special defense contribution	-	(1)
Income tax credit/(charge)	**2,576**	**(7,567)**

* Revenue of the representative office in Moscow is exempt from Cyprus corporate taxes

19 INCOME TAX – CONTINUED

Differences between IFRS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for profits tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 20%.

The Company *(in thousand of USD)*	**31 December 2012**	**Movement**	**31 December 2013**	**Movement**	**31 December 2014**
Tax effect of taxable differences					
Investment property	(51,230)	(3,540)	(54,770)	6,661	(48,109)
Deferred tax liability, net	**(51,230)**	**(3,540)**	**(54,770)**	**6,661**	**(48,109)**

The Group *(in thousand of USD)*	**31 December 2012**	**Movement**	**31 December 2013**	**Movement**	**31 December 2014**
Tax effect of taxable differences					
Investment property	(51,262)	(3,508)	(54,770)	6,661	(48,109)
Deferred tax liability, net	**(51,262)**	**(3,508)**	**(54,770)**	**6,661**	**(48,109)**

The movement in the deferred tax liability mainly relates to the increase of the fair value investment property and differences related to Russian tax depreciation. Refer to Note 7.

20 FINANCIAL RISK MANAGEMENT

The risk management function within the group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk
The Group is exposed to credit risk which is the risk that a counterparty will be unable to pay all amounts in full when due.

The Group does not use formalised internal credit ratings to monitor exposures to credit risk. However, management reviews the overdue status of trade receivables on a quarterly basis and assesses the probability of insolvency or significant financial difficulties of the debtor. Management follows up on past due balances and in the case of non-performing trade receivables offsets the related receivable with the tenant guarantee deposits received at the inception of the lease.

The Group's maximum risk exposure to credit risk is as follows:

(in thousands of USD)	**31 December 2014**	**31 December 2013**
Cash and cash equivalents (Note 10)	17,497	9,734
Trade receivables (Note 9)	167	295
Total maximum credit risk exposure	**17,664**	**10,029**

Management believes that the Group is not exposed to significant credit risk since most of the tenants are credible legal entities and individuals with good credit history and financial position and all of the rent receivables are collaterised by the deposits from tenants.

Credit risk concentration
At 31 December 2014, the Group holds 57% of cash balances in Unicredit (Austria), 40% of cash balances in JSC VTB Bank (Russia), 2% of cash balances in ZAO Unicredit bank (Russia), 1% of cash balances in Qatar National Bank (Qatar) (2013: 23% of cash balances in Unicredit (Austria) and 77% of cash balances in Unicredit (Russia)).

During 2014 and 2013 the Group was not exposed to concentration risk in respect of specific customers, since its revenues are generated from the leasing out of a 207 unit multi-family complex to various customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

20 FINANCIAL RISK MANAGEMENT – CONTINUED

Market risks
Market risks arise from open positions in foreign currencies and interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

Currency risk
Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The Group is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group reviews its foreign currency position on a regular basis and negotiates and structures its financial instruments to minimise the currency gap.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2014			At 31 December 2013		
(in thousand of USD)	Financial assets	Financial liabilities	Net balance sheet position	Financial assets	Financial liabilities	Net balance sheet position
Russian Roubles	1,354	(670)	684	2,115	(1,477)	638
US Dollars	16,310	(94,751)	(78,441)	7,914	(95,430)	(87,516)
Total	**17,664**	**(95,421)**	**(77,757)**	**10,029**	**(96,907)**	**(86,878)**

The following table presents sensitivities of Statement Comprehensive Income and Other Comprehensive Income and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Group, with all other variables held constant:

	31 December 2014		31 December 2013	
(in thousands of USD)	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
Russian Roubles strengthening by 25% (2013: strengthening by 25%)	(137)	(137)	(253)	(253)
Russian Roubles weakening by 25% (2013: strengthening by 25%)	228	228	422	422

Interest rate risk
Interest rate risk arises due to the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows of the Group. Cash flow interest rate risk is minimised through borrowing from related parties at a fixed rate.

The Group monitors interest rates for its financial instruments. The Group does not have formal policies and procedures in place for management of interest rate risks as management considers this risk as insignificant to the Group's business.

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

During 2014 and 2013, the Group did not hold interest-earning financial assets, except current accounts in banks which earn less than 1% interest rate per annum.

The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

The Group *(in thousand of USD)*	On demand and less than 1 month	From 1 to 12 months	More than 1 year but less than 5 years	More than 5 years	Total
31 December 2014					
Total financial assets	17,497	167	-	-	17,664
Total financial liabilities	(527)	(3,794)	(91,100)	-	(95,421)
Net interest sensitivity gap at 31 December 2014	16,970	(3,627)	(91,100)	-	(77,757)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

20 FINANCIAL RISK MANAGEMENT – CONTINUED

The Group *(in thousand of USD)*	On demand and less than 1 month	From 1 to 12 months	More than 1 year but less than 5 years	More than 5 years	Total
31 December 2013					
Total financial assets	9,734	295	-	-	10,029
Total financial liabilities	-	(14,118)	(1,579)	(81,210)	(96,907)
Net interest sensitivity gap at 31 December 2013	**9,734**	**(13,823)**	**(1,579)**	**(81,210)**	**(86,878)**

The Company *(in thousand of USD)*	On demand and less than 1 month	From 1 to 12 months	More than 1 year but less than 5 years	More than 5 years	Total
31 December 2014					
Total financial assets	17,497	167	-	-	17,664
Total financial liabilities	(527)	(3,794)	(91,100)	-	(95,421)
Net interest sensitivity gap at 31 December 2014	**16,970**	**(3,627)**	**(91,100)**	**-**	**(77,757)**

The Company *(in thousand of USD)*	On demand and less than 1 month	From 1 to 12 months	More than 1 year but less than 5 years	More than 5 years	Total
31 December 2013					
Total financial assets	9,486	295	-	-	9,781
Total financial liabilities	-	(14,118)	(1,579)	(81,210)	(96,907)
Net interest sensitivity gap at 31 December 2013	**9,486**	**(13,823)**	**(1,579)**	**(81,210)**	**(87,126)**

During 2014 and 2013, the Group did not have any financial instalments with floating interest rates. Therefore, the Group was not exposed to interest rate risk.

Price risk
The Group exposed to property price and property rentals risk. The Group has no formalised policies in place to monitor the change in the market prices.

Liquidity risk
Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages its liquidity risk by maintaining sufficient cash and cash equivalents to enable it to meet its normal operating commitments. Management believes that the Group was not exposed to significant liquidity risk at 31 December 2014 and 31 December 2013.

For maturity analysis of financial liabilities, please, refer to Notes 11 and 12. The amounts disclosed in these notes are all financial liabilities disclosed based on contractual undiscounted cash flows and remaining contractual maturity. Such undiscounted cash flows differ from the amount included in the Consolidated Statement of Financial Position because the amount in the Consolidated Statement of Financial Position is based on discounted cash flows.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders, to protect the interests of the stakeholders and to maintain an optimal capital structure, including by reducing the cost of capital. To these effects, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk is monitored by the parent company and assessed based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

21 CONTINGENCIES AND COMMITMENTS

Legal proceedings
From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and professional advice management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements. As at 31 December 2014, the Group was not engaged in any legal proceedings.

Tax legislation
The tax law and practice in Russia in relation to application of DTT benefits is still evolving, including in relation to the beneficial ownership concept. Depending on how this would develop, significant tax risks could arise in the future.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Management believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with the new transfer pricing legislation.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Group.

Capital expenditure commitments
As at 31 December 2014 and 31 December 2013, the Group has no significant contractual capital commitments.

Operating lease commitments
Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

(in thousands of USD)	2014	2013
Not later than 1 year	93	122
Later than 1 year and not later than 5 years	279	490
Later than 5 years	3,998	3,625
Total operating lease commitments	**4,370**	**4,237**

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements are those that the accounting standards require or permit in the Statement of Financial Position at the end of each reporting period. Management measures investment property at fair value (Level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

22 FAIR VALUE OF FINANCIAL INSTRUMENTS – CONTINUED

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

Fair values as at 31 December 2014 in thousands of USD (Group)	Level	Carrying value	Fair value
Cash and cash equivalents (Note 10)	2	17,497	17,497
Trade receivables (Note 9)	3	167	167
Borrowing (Note 12)	3	(91,627)	(91,627)
Deposits from tenants (Note 11)	3	(3,384)	(3,384)
Accounts payable (Note 14)	3	(1,081)	(1,081)

Fair values as at 31 December 2014 in thousands of USD (Company)	Level	Carrying value	Fair value
Cash and cash equivalents (Note 10)	2	17,497	17,497
Trade receivables (Note 9)	3	167	167
Borrowing (Note 12)	3	(91,627)	(91,627)
Deposits from tenants (Note 11)	3	(3,384)	(3,384)
Accounts payable (Note 14)	3	(1,081)	(1,081)

Fair values as at 31 December 2013 in thousands of USD (Group)	Level	Carrying value	Fair value
Cash and cash equivalents (Note 10)	2	9,734	9,734
Trade receivables (Note 9)	3	295	295
Borrowing from related parties (Note 12.1)	3	(90,716)	(90,716)
Deposits from tenants (Note 11)	3	(3,660)	(3,660)
Accounts payable (Note 14)	3	(903)	(903)

Fair values as at 31 December 2013 in thousands of USD (Company)	Level	Carrying value	Fair value
Cash and cash equivalents (Note 10)	2	6,609	6,609
Trade receivables (Note 9)	3	559	559
Borrowing from related parties (Note 12.1)	3	(90,450)	(90,450)
Deposits from tenants (Note 11)	3	(3,293)	(3,293)
Accounts payable (Note 14)	3	(1,082)	(1,082)

23 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the year, the Group entered into transactions with related parties. The outstanding balances at the year-end and the income and expense for the year with related parties are as follows:

(in thousands of USD)	2014	2013
Entities under common control		
Borrowings from related parties (Note 12)	17	90,716
Interest expenses	9,541	10,054
Advances received from shareholders	10	10

Key management remuneration and management services
The Group does not pay any remuneration to the key management of the Group. Hines International Inc. (a former shareholder of the Company) provides management services for the Group according to a property management agreement. During 2014, Hines International Inc. charged USD 878 thousand of management fees for management of the Group's residential property (2013: USD 875 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2014

23 RELATED PARTY TRANSACTIONS – CONTINUED

Borrowings from related parties
On 17 December 2002, the Group signed a loan agreement with Pokrovsky Finance Company Limited (a related party, company under common control of the ultimate controlling party) in the total amount of USD 90,147 thousand to refinance a loan from BNP Paribas. This loan was fully repaid in 2014.

Assets pledged
As at 31 December 2014, the investment property of the Group were pledged as a collateral to secure the Group's and Group parent's borrowings. Refer to Notes 7 and 12.2.

24 PERSONNEL AND DIRECTORS' REMUNERATION

The Group has no employees (2013: nil). The Group does not pay remuneration to the directors (2013: nil). Hines International Inc. provides management services and charged for the year ended 31 December 2014 fees in the amount of USD 878 thousand (2013: USD 875 thousand).

25 EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group declared dividends of USD 6,918 thousand in the period between 31 December 2014 and the date of approval of these consolidated financial statements.

26 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and by the Board and authorised for issue on 10 June 2015.