

O1 Properties Publishes 2018 Financials

Moscow, Russia, April 30, 2019. O1 Properties Limited (“O1 Properties”, “the Group”), one of the largest owners of class-A office property in Moscow, has published financial results for 2018.

	2018 (thousand USD)
Net rental income	219 973
EBITDA	190 589
Cash interest expenses	203 298
Investment property	3 207 953
Assets	3 635 106
Equity	331 692

Net rental income of O1 Properties Group in 2018 was USD 220 million, down by 15% from 2017. The decline of rental flow in dollar terms was mainly due to weakening of the rouble, since a part of contracts were in the national currency or linked to a currency corridor. However, by the end of 2018 the amount of vacant space at O1 Properties business centres (excluding development projects) decreased from 12% to 9%, and to under 6% for assets located in Moscow's central business district. As in previous years, the main tenants of the Company's business centres were leading international and Russian companies.

The value of the Company's investment property portfolio declined by USD 393 million. This was due to asset sales in mid-2018 (impact was USD 122 million) and depreciation of the rouble against the US dollar (negative revaluation totalled USD 270.9 million). The disposal of assets included the Avrasis business centre (the third phase of the Aurora Business Park, including the development project of residential apartments), the Zarechye business centre and a holding in the Bolshevik project.

Total net debt of O1 Properties at the end of 2018 was USD 2.751 billion (USD 3.019 billion at the end of 2017). Cash interest expenses, excluding non-recurring payments, were USD 203 million (USD 187.7 million in 2017).

Total comprehensive loss of O1 Properties Group in 2018 was USD 572 million (USD 80 million in 2017). The loss was due to the following factors:

- negative revaluation of the investment portfolio in the amount of USD 270.9 million;
- transfer to the balance sheet of liabilities under a mezzanine loan of USD 179.3 million taken by O1 Group, for which O1 Properties was guarantor;
- provisions related to the reassessment of recoverable amount of the Loan Issued and Accounts Receivable in the amount of USD 111 million;
- provision for legal proceedings in relation to the Nevis project in the amount of USD 43 million;
- provisions related to guarantees to minority shareholders in the amount of USD 36 million;
- positive exchange rate differences from the revaluation of liabilities denominated in rubles in the amount of USD 68.2 million.

The negative financial result of O1 Properties Group in 2018 is effectively a paper loss.

O1 Properties has worked intensively since the beginning of 2018 to lower the share of dollar loans in its portfolio in order to optimise debt servicing costs and reduce currency risk. The share of the loan portfolio

denominated in dollars has been reduced to 45% at present from 87% at the beginning of 2018. The company expects the share of loans denominated in dollars to decline further to 17% by the end of 2019, when 48% will be denominated in roubles and 35% in euros.

In March 2019, O1 Properties completed negotiations with all major creditors, including Eurobond holders, and received waiver of early repayment rights in connection with the change of the main shareholder. Following successful completion of negotiations with Eurobond holders, Standard & Poor's revised its rating outlook for O1 Properties from negative to developing, and Moody's confirmed its issuer's credit rating at B3.

In 2019, O1 Properties plans to continue intensive work to reduce the foreign exchange risk of its loan portfolio. The company also expects to maintain net absorption of office space at the level of 2018 (about 15,000 sq. m.), which will reduce the vacancy ratio to 5-6% by the end of the year.

For further information please visit the Company website at
www.o1properties.ru

About O1 Properties

O1 Properties is one of the largest owners of class-A office property in Moscow. The company owns and manages a portfolio of 12 operating business centres in key business districts of the Russian capital with net rentable area of 478,000 square metres. The current value of projects in the Company's portfolio is USD 3.2 billion.

About forward-looking statements

Some of the information in this communication is not information about accomplished facts and may be related to forecasts, forward-looking statements regarding future events or other statements about future events that are based on the current opinion and assumptions of management, and which involve known and unknown risks and uncertainties. Forward-looking statements can be identified by the use of expressions containing the words "may", "possible", "will", "expect", "plan", "anticipate", "assume", "suppose", "believe", "predict", "potential", "continue" or other similar expressions, including references to forecasts of future cost reductions, amount of vacant space, transactions, results and economic conditions. By their nature, forward-looking statements entail risk and uncertainty due to the fact that they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance, and the actual results of operations, financial position and liquidity of the Company and the development of the country and industries in which the Group operates may differ materially from those described or with respect to which assumptions were made in the forward-looking statements contained in this communication.

The Group does not intend to clarify or update any information or forward-looking statements contained in this communication, either in connection with the appearance of new information or future events, or for any other reason.