

Press Release



Net rental income of O1 Properties increased by 20% in 2014 up to 351 mln USD

Moscow, Russia, June 16, 2015 – The investment company O1 Properties, one of the largest owners of class A office real estate in Moscow, announced its financial results for 2014, prepared in accordance with IFRS.

	2014 (mln USD)	2013 (mln USD)
Net rental income	351	292
Net Interest expense	214	178
Net profit	94	198
Investment property	4,021	4,172
Equity capital before deferred taxation	1,349	1,685

The company's net rental income increased by 20% to 351 million USD compared to year 2013. Significant increase in the net rental income was due to new acquisitions as well as the letting of vacant space in the recently completed projects.

At the end of the year the company's portfolio of investment properties was valued at \$4.0 billion. Revaluation (as of Dec. 31, 2014) of the group portfolio ended with 6.7% correction downwards comparing with year 2013. In accordance with IFRS, this valuation did not include the Bolshevik project. The yield of O1's properties is stable, standing at about 9.5%.

The occupancy rate of the office centers owned by O1 Properties (exclusive of the projects currently under construction) exceeds 90%, with leading national and international companies being the key tenants, as in the previous years.

As a result of implementation of cost controls, the Company has managed to cut its G&A expenses (excl. one-off items) by 9% comparing to year 2013. Personnel expenses decreased by 22% as result of implementation of cost synergies between group's companies.

The cumulative debt of O1 Properties amounts to \$2.8 billion. Net interest expense on loans paid by the company went up from \$178 million in 2013 to \$214 million in 2014, which is mainly caused by consolidation of the debt finance used for new purchases. The increase in net interest expenses is identical as the growth of net rental income i.e. by 20%.

In 2014 the company took measures to review the terms of financing for its loans and refinanced some projects for total amount of more than \$500 mln. Already in 2015, the Group successfully concluded negotiations with one of the Western financial institutions

further significantly improving the loan maturity profile.

Weighted average interest rate on senior debt is ca. 6.3% including cost of hedging. The average term to maturity of Group's loans was 5 years. The Company's net LTV in 2014 was 64%.

The net profit decreased from \$198 million in 2013 to \$94 million in 2014. Total comprehensive income decreased from 110 million USD in 2013 to loss 329 million USD in 2014 mainly due to the negative revaluation of investment properties. The equity before deferred taxation decreased from \$1.685 billion in 2013 to 1.349 billion in 2014 (both mainly as a result of negative revaluation). The company's new shareholders, attracted during 2014, are Goldman Sachs International and ICT Group.

Tomasz Zamiara, CFO of O1 Properties: "In light of more challenging market conditions than in the past years, our group has successfully reshuffled the tenant portfolio, collected wholly contracted rent, improved cost of financing and lengthen loan maturity profile. Stable performance of the Group was one of the key factors that allowed us to expand our shareholders base by inviting such strong partners as Goldman Sachs and ICT Group."

For more information please visit the official web site of the company www.o1properties.ru
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Information about O1 Properties

O1 Properties is one of the major owners of class A office real estate in Moscow. The company owns and manages a portfolio of 13 completed office centers in key business districts of Moscow with the total net rentable area of 503,000.00 sq.m.. Currently the market value of the company's asset portfolio values USD 4.2 billion