New Ukraine PE Holding Limited

Report and financial statements
for the year ended
31 December 2019

These financial statements contain 40 pages

Contents

Officers and Professional Advisors

Board of Directors	Olga Turyk
Secretary	Ledra Secretaries Limited
Independent Auditors	KPMG Limited
Registered Office	205 Archbishop Makarios Avenue 310 Victory House 3030 Limissol Cyprus

MANAGEMENT REPORT

The Board of Directors of New Ukraine PE Holdings Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2019.

INCORPORATION

New Ukraine PE Holdings Limited (the "Company") was incorporated in Cyprus on 26 July 2016 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS OF THE COMPANY

The principal activities of the Company, which are unchanged from last year, are investing in the real estate sector in Ukraine.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2019 are set out on page 8 to the financial statements. The net profit for the year attributable to the owners of the Company amounted to USD 30, 309 thousand (2018: USD 18,203 thousand).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The current financial position as presented in the financial statements is considered satisfactory.

DIVIDENDS

During 2019 no dividends were declared by the Company.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in Note 13 to the financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE COMPANY

The Company is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

The Company's financial risk management objectives and policies are stated in note 13.

MANAGEMENT REPORT *(continued)*

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BRANCHES

During the year ended 31 December 2019 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2019.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 15 to the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 14 to the financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Ledra Secretaries Limited
Secretary

LEDRA SECRETARIES LIMITED

Nicosia, 29 May 2020

KPMG Limited
Chartered Accountants
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P.O. Box 21121, 1502 Nicosia, Cyprus
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

NEW UKRAINE PE HOLDING LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the parent company New Ukraine PE Holding Limited (the "Company"), which are presented on pages 7 to 40 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company New Ukraine PE Holding Limited as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report in this regard is presented in the *"Report on other legal requirements"* section.

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Michael P. Michael, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

29 May 2020

(in thousands of USD)	*Note*	**31 December 2019**	31 December 2018
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	7	**180,281**	163,909
Total non-current assets		**180,281**	163,909
Current assets			
Cash and cash equivalents	8	**5,057**	3,490
Trade and other receivables		**81**	61
Refundable tax		**86**	86
Total current assets		**5,224**	3,637
Total assets		**185,505**	167,546
Equity and Liabilities			
Equity			
Share capital	10	**69**	69
Share premium	10	**64,449**	64,449
Retained earnings		**86,317**	56,008
Total equity		**150,835**	120,526
Non-current liabilities			
Loans and borrowings	9	**24,500**	34,500
Total non-current liabilities		**24,500**	34,500
Current liabilities			
Loans and borrowings	9	**10,005**	10,000
Dividends payable	6	**-**	2,500
Trade and other payables		**165**	20
Total current liabilities		**10,170**	12,520
Total liabilities		**34,670**	47,020
Total equity and liabilities		**185,505**	167,546

On 29 May 2020 the Board of Directors of New Ukraine PE Holding Limited approved and authorised these financial statements for issue.

....
Olha Turyk (Director)

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 40.

(in thousands of USD)	*Note*	**2019**	2018
Net gain from financial assets at fair value through profit or loss	*11*	**34,278**	23,008
Administrative expenses		**(117)**	(543)
Total operating profit		**34,161**	22,465
Finance costs	*9(c)*	**(3,806)**	(4,231)
Profit for the year		**30,355**	18,234
Tax expense	*5*	**(46)**	(31)
Net profit and total comprehensive income for the year		**30,309**	18,203

The statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 40.

(in thousands of USD)	*Note*	**2019**	2018
Cash flows from operating activities			
Profit for the year		**30,309**	18,203
Adjustments for:			
Net gain from financial assets at fair value through profit or loss	*11*	**(34,278)**	(23,008)
Finance costs	*9 (c)*	**3,806**	4,231
Interest received	*13 (b)*	**6,991**	6,025
Dividends received	*13 (b)*	**3,140**	4,860
Loans principal received	*13 (b)*	**7,969**	12,489
Increase of share capital of investee	*4 (b)*	**(194)**	(7,443)
Acquisition of investees	*4 (b)*	**-**	(15,096)
Tax expense	*5*	**46**	31
		17,789	292
Increase in trade and other receivables		**(24)**	(53)
Increase/(decrease) in trade and other payables		**145**	(54)
Cash from operating activities		**17,910**	185
Tax paid		**(46)**	(84)
Net cash from operating activities		**17,864**	101
Cash flows from financing activities			
Proceeds from issue of share capital	*10*	**-**	529
Proceeds from loans and borrowings obtained	*9 (c)*	**-**	47,533
Loans and borrowings repaid	*9 (c)*	**(10,000)**	(46,533)
Finance costs paid	*9 (c)*	**(3,797)**	(4,472)
Dividends paid	*6*	**(2,500)**	(3,059)
Net cash flows used in financing activities		**(16,297)**	(6,002)
Net increase/(decrease) in cash and cash equivalents		**1,567**	(5,901)
Cash and cash equivalents at the beginning of the year		**3,490**	9,391
Cash and cash equivalents at the end of the year	*8*	**5,057**	3,490

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 40.

(in thousands of USD)	*Note*	Share capital	Share premium	Retained earnings	Total
Balances at 31 December 2017		65	61,283	46,005	107,353
Issue of ordinary shares	*10*	4	3,166	-	3,170
Total comprehensive income for the year					
Net profit		-	-	18,203	18,203
Transactions with owners of the Company					
Dividends accrued	*6*	-	-	(8,200)	(8,200)
Total transactions with owners of the Company				(8,200)	(8,200)
Balances at 31 December 2018		**69**	**64,449**	**56,008**	**120,526**
Total comprehensive income for the year					
Net profit		-	-	30,309	30,309
Balances at 31 December 2019		**69**	**64,449**	**86,317**	**150,835**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 40.

1. Incorporation, organisation and operations

New Ukraine PE Holding Limited (the "Company") was incorporated in Cyprus on 26 July 2016. The Company's registered office is at 205 Archbishop Makarios Avenue, 310 Victory House, 3030 Limassol, Cyprus and its principal place of business is Ukraine.

As at 31 December 2019 and 31 December 2018 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 17% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 36% ownership, Ukrainian Redevelopment Fund LP (a Delaware limited partnership, not related to other shareholders) with 15% ownership, and Sky Mundi S.À.R.L. (a shareholder not related to other shareholders) with 32% ownership.

Dragon Capital New Ukraine Fund (Jersey) is a Jersey limited partnership formed under the partnership agreement and as at 31 December 2019 and 31 December 2018 has the following partnership structure: Ukrainian Redevelopment Fund LP – 43%, Dragon Capital Investments Limited (Cyprus) – 42%, Suhail Salim Abdullah Al Mukhaini Bahwan – 14% and DC Partners (Jersey) Limited (which is 100% owned by Dragon Capital Investments Limited (Cyprus)) – 1%.

In accordance with the shareholders' agreement of New Ukraine PE Holding Limited, key strategic decisions are made by the shareholders together holding more than 90% of shares in the Company's issued share capital.

The main activities of the Company are investing in real estate sector in Ukraine.

As at 31 December 2018, the Company's investments are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 12,708 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,198 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,351 sq. m. and associated land plot of 15 ha. On 27 June 2018, the Company acquired additional 40% of this project and as at 31 December 2018 owns 100% of this project (Note 4(b));
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,848 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,736 sq. m. and associated land plot of 0.15 ha.

As at 31 December 2019, the Company's investments are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 12,817 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,198 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,221 sq. m. and associated land plot of 15 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,996 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,853 sq. m. and associated land plot of 0.15 ha.

For description of the legal structure underlying these projects see Note 4(b).

The Company provides financing to its investees either through equity or debt instruments.

2. Operating environment of the Company

Ukrainian business environment

The Company's operations are primarily located in Ukraine. The political and economic situation in Ukraine has been subject to significant turbulence in recent years and demonstrates characteristics of an emerging market. Consequently, operations in the country involve risks that do not typically exist in other markets.

In March 2014 the Autonomous Republic of Crimea being part of Ukraine was illegally annexed by the Russian Federation. That action was not recognised by Ukraine, European Union, the United States of America, the United Kingdom of Great Britain and Northern Ireland, Canada, Japan and many other countries and condemned by a relevant resolution of the UNO. An armed conflict instigated by the Russian Federation in certain parts of Lugansk and Donetsk regions, which started after the illegal annexation of Crimea in spring 2014, resulted in effective loss of control by the Ukrainian authorities over those territories. It has not been resolved as per now and parts of the Donetsk and Lugansk regions remains under effective control of the separatists supported by the Russian Federation and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. These events resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation.

After economic crisis in 2014-2015, the Ukrainian economy recovered considerably in the last couple of years, with a slowed down inflation, growing GDP and general revival in business activity. After economic crisis in 2014-2015, the Ukrainian economy recovered considerably in the last couple of years, with a slowed down inflation, growing GDP and general revival in business activity.

Real GDP growth stood at 3.2% year-on-year (y-o-y) in 2019, slowing down from 3.3% in 2018 and accelerating from 2.5% in 2017. Economic recovery remained driven by domestic consumption and investment demand. Growth in household consumption stood at 11.9% y-o-y in 2019, underpinned by an 18% increase in the nominal average salary over the year, growing pensions, remittances from short-term labour migrants, and slowing inflation. Investment in fixed capital rose by 16.4% y-o-y in 2018 and 15.5% in 2019 as companies across many sectors modernized and expanded their production capacities. Business confidence remained on the rise, supported by a stable macroeconomic environment and government reforms resulting in a better investment climate.

Ukraine's external position remains stable. The current account deficit ranged from 0.7-3.3% of GDP in 2016-2019, and central bank gross reserves rose to $25.3bn by end-2019, a seven-year high and being equivalent to 4.0 months of imports. The hryvnia strengthened by 17% y-o-y in 2019, to UAH 23.7:USD, supported by strong grain exports, favourable global commodity prices and sizable foreign capital inflows into domestic government bonds and the private sector.

The National Bank of Ukraine (NBU) has pursued an inflation targeting regime and flexible exchange rate policy since early 2016. Consumer inflation stood at 4.1% y-o-y as of end-2019, slowing from 9.8% in 2018 and reaching the lower end of the NBU's target range of 4-6%. The rapid disinflation resulted from tight monetary policy and hryvnia appreciation, which offset the impact of growing production costs and expanding domestic demand. The NBU started to loosen monetary policy, slashing its key rate from 18.0% p.a. at end-2018 to 13.5% at end-2019 and trimming it further to 11.0% on 30 January 2020.

Ukraine has kept its fiscal deficit within 2.0-2.5% of GDP over the past five years and continued to run primary surpluses. Prudent fiscal policy, strong growth in nominal GDP and UAH appreciation allowed for slashing the public-debt-to-GDP ratio by 30 percentage points, to 51% in 2019 from a high of 81% in 2016.

The banking sector was cleaned of non-viable banks, and the country's largest private bank, Privatbank, was nationalized in December 2016. As at 31 December 2019, 75 banks operated in Ukraine, down from 180 at end-2013.

New currency legislation took effect on 7 February 2019, replacing a number of old-dated restrictive legislative acts and paving the way for full liberalization of currency and capital controls in the future.

The NBU started to gradually relax the strict capital and exchange restrictions imposed during 2014-2015 crisis. In particular, it cancelled a ban on dividend repatriations, allowed early repayment of external liabilities, and enabled forward F/X operations.

The International Monetary Fund (the "IMF") continued to support the Ukrainian government under the fourteen-month Stand-By Arrangement approved in December 2018. Other international financial institutions have also provided significant technical support in recent years to help Ukraine restructure its external debt and launch various reforms, including anticorruption, corporate law, land reform and gradual liberalization of the energy sector.

In 2019, following the presidential and parliamentary elections a new government was formed which aims to continue reforming the Ukrainian economy, stimulate economic growth and fight corruption. In March 2020, the provisional government was resigned and a new one was formed.

In September 2019, S&P and Fitch upgraded Ukraine's credit rating to B, with a stable outlook, and B, with a positive outlook, respectively, reflecting improved access to fiscal and external financing, macroeconomic stability and declining public indebtedness. Further stabilisation of economic and political environment depends, to a larger extent, on the continued implementation of structural reforms, cooperation with the IMF and refinancing of public debt falling due in the next years.

The first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Ukrainian Hryvnia. These developments are further increasing the level of uncertainty in the Ukrainian business environment.

In addition, Ukraine's real GDP dropped by 1.5% y-o-y in 1Q20, reflecting the initial negative impact of a nationwide quarantine aimed at containing spread of coronavirus, lower foreign demand and sharp drop in gas transit from Russia to Europe through Ukraine's territory. The dynamics of real sector indicators continued to deteriorate in April, as virus containment measures remained in force for the entire month, including a near halt to public transportation, closure of non-essential retail stores, open food markets, hotels and restaurants, entertainment and sports facilities, and individual service providers. In particular, industrial output dropped by 16.2% y-o-y in April 2020 and 7.9% y-o-y in 4M20, while retail turnover declined by 14.9% y-o-y in April 2020 and rose by 3.2% y-o-y in 4M20.

Hryvnia plunged by 12% m-o-m to UAH 28.1:USD in March 2020, on upsurge in demand for foreign currency in response to increased uncertainty and crisis expectations. However, in April 2020 hryvnia recovered some of its losses (+4.0% m-o-m to UAH 27.0:USD) and remained relatively stable close to that level. Headline inflation slowed to 2.1% y-o-y in April 2020 as impact of hryvnia devaluation on prices of imported goods was outweighed by weakening consumer demand, declining global energy prices, including oil and natural gas.

To support the economy, the Parliament approved an increase in 2020 budget deficit to 7.5% of GDP, from 2.1% targeted before, while the central bank cut its key rate by 550bp YTD, to 8.0% p.a.

Whilst the management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Company's results and financial position in a manner not currently determinable. These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

3. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

This is the first set of the Company's annual financial statements in which IFRS 16 *Lease* has been applied.

(b) Basis of measurement

These financial statements are prepared under the historical cost basis, except for the following material items:

Items	Measurement
Financial assets at fair value through profit or loss (including equity investments and loans receivable)	Fair value

(c) Adoption of new and revised International Financial Reporting standards and Interpretations as adopted by the European Union (EU)

As from 1 January 2019, the Company adopted all changes to International Financial Reporting Standards (IFRSs), which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Company.

The following Standards, Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB") but are not yet effective for annual periods beginning on 1 January 2019. Those which may be relevant to the Company are set below. The Company does not plan to adopt these Standards early.

Standards and Interpretations adopted by the EU effective for annual periods beginning on or after 1 January 2019

- IFRS 16 *Leases*;
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*;
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures*;
- Annual improvements to IFRS Standards 2015-2017 Cycle;

Standards and Interpretations not adopted by the EU

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8 *Definition of Material* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to references to the Conceptual Framework in IFRS standards (effective for annual periods beginning on or after 1 January 2020);
- IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2021);

The Company's management expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

(d) Functional and presentation currency

These financial statements are presented in thousands of US dollars (USD), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(e) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's investments, financing and transactions are denominated in US dollars. The expenses are denominated and paid in US dollars. Accordingly, management has determined that the functional currency of the Company is US dollar.

(f) Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements and could lead to significant adjustment in the next financial year are included in the following notes:

- Note 4(a) – Determination of investment entity criteria.
- Note 7 – Financial assets at fair value through profit or loss.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management is responsible for overseeing all significant fair value measurements, including Level 3 fair values. They review and approve significant unobservable inputs and valuation adjustments before they are included in the Company's financial statements. To assist with the estimation of fair values management, when appropriate, engage registered independent appraiser, having a recognised professional qualification and recent experience in the location and categories of the assets being valued.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 – Financial assets at fair value through profit or loss.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Investment entity

The Company is an investment entity as defined by IFRS and measures all of its investments at fair value through profit or loss.

In determining whether the Company meets the definition of an investment entity, management considered the following:

- The Company raised funds from its shareholders only for the purpose of making investments in the real estate sector of Ukraine.
- The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.
- The Directors of the Company make only strategic decisions and approve overall direction of investing activity in order to maximise the returns to shareholders. There is no separate substantial business activity beyond earning returns from capital appreciation and investment income.
- The Company has a clear exit strategy from its real estate projects (either through sale of the properties, or through sale of shareholding rights in the entities, which own the properties). The strategy at the commencement of investment is to increase capitalisation of the real estate projects at exit in 5-7 years.

Considering the above, the Company's management determined that the Company meets the definition of investment entity in accordance with IFRS 10 *Consolidated Financial Statements* and, accordingly, the Company has not consolidated its subsidiaries. The Company measures its investments in subsidiaries at fair value through profit or loss (Note 4(b)). Such approach provides a fair and transparent view on the Company to the Company's shareholders and stakeholders.

Though the loans from investees are nominal loans (the Company at its capacity of the shareholder may amend any terms of the loans including modification to convert loans in full or in part into equity), the Company elected to measure loans receivable from its investees at fair value through profit or loss (Note 4(c)). All these assets are presented within financial assets at fair value through profit or loss in the Company's statement of financial position.

(b) Subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee when it is exposed to, or has right to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the investee. The investees Atlantic-Pacific Ventures LLC, East Gate Logistic LLC, West Gate Logistic LLC, Property Management Solutions One LLC and

Property Management Solutions Two LLC own real estate assets and are entitled to receive associated rental revenues. Other investees receive that cash flow stream in the form of loan receivables or dividends. Investments in subsidiaries are measured and accounted for at fair value with gains or losses recognised in profit or loss.

Unconsolidated subsidiaries and their grouping by investment in respective projects are as follow:

Name	Parent	Country of incorporation	Project	% of ownership as at 31 December 2019	% of ownership as at 31 December 2018
1849-Apollo Overseas I Limited	New Ukraine PE Holding Limited	Cyprus	**Pyramida**	100.00%	100.00%
Atlantic-Pacific Ventures LLC	1849-Apollo Overseas I Limited	Ukraine	**Pyramida**	100.00%	100.00%
Turcosa Investments Limited	New Ukraine PE Holding Limited	Cyprus	**East Gate**	100.00%	100.00%
AICEE II Finance Cyprus Limited	New Ukraine PE Holding Limited	Cyprus	**East Gate**	100.00%	100.00%
EGL Holding Limited	Turcosa Investments Limited	Cyprus	**East Gate**	100.00%	100.00%
Borlog LLC	AICEE II Finance Cyprus Limited	Ukraine	**East Gate**	0.00%	100.00%
East Gate Logistik LLC	Borlog LLC	Ukraine	**East Gate**	0.00%	100.00%
East Gate Logistik LLC	AICEE II Finance Cyprus Limited	Ukraine	**East Gate**	100.00%	0.00%
GLD Logistik Park Holding Limited	New Ukraine PE Holding Limited	Cyprus	**West Gate**	100.00%	100.00%
SZ Harbour Finance Limited	New Ukraine PE Holding Limited	Cyprus	**West Gate**	100.00%	100.00%
West Gate Logistic LLC	GLD Logistik Park Holding Limited	Ukraine	**West Gate**	100.00%	100.00%
Property Management Services LLC	Mevalor Enterprises Limited	Ukraine	**PMS**	100.00%	100.00%
Mevalor Enterprises Limited	New Ukraine PE Holding Limited	Cyprus	**PMS**	100.00%	100.00%
Property Management Solutions One LLC	Orbelson Holding Limited	Ukraine	**PMS One**	100.00%	100.00%
Orbelson Holding Limited	New Ukraine PE Holding Limited	Cyprus	**PMS One**	100.00%	100.00%
Property Management Solutions Two LLC	Glanston Holdings Limited	Ukraine	**PMS Two**	100.00%	100.00%
Glanston Holdings Limited	New Ukraine PE Holding Limited	Cyprus	**PMS Two**	100.00%	100.00%
NUPEH CZ	New Ukraine PE Holding Limited	Czech Republic	-	100.00%	0.00%

On 23 January 2018 and on 14 June 2018, the Company increased the share capital of Turcosa Investments Limited by USD 7,443 thousand (paid in cash) and by USD 12,749 thousand (set-off against loan) respectively. The increase in share capital was aimed for settlement of intercompany loan balances.

On 5 June 2018, 100% shares of AICEE II Finance Cyprus Limited were transferred from Turcosa Investments Limited to New Ukraine PE Holding Limited.

On 27 June 2018, the Company purchased from a third party additional 40% interest in West Gate project through acquiring 40% corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited for the consideration of USD 10,459 thousand and by acquisition of debt payable by SZ Harbour Finance Limited for the consideration of USD 4,637 thousand.

On 16 April 2019, 100% of shares of East Gate Logistik LLC were transferred from Borlog LLC to AICEE II Finance Cyprus Limited. Further Borlog LLC was disposed by AICEE II Finance Cyprus Limited to a third party for insignificant consideration.

During 2019 the Company increased the share capital of 1849-Apollo Overseas I Limited with the amount of USD 150 thousand, the share capital of Orbelson Holdings Limited and Glanston Holdings Limited both with the amount of USD 15 thousand and share capital of GLD Logistik Park Holding Limited in amount of USD 14 thousand.

During 2019 NUPEH CZ, was formed in Czech Republic as a part of the Group.

(c) Loans receivable from investees

In addition to equity financing to its investees, as a part of structuring its investments the Company has number of intragroup loans. As described in Note 4(a), the Company elected to measure loans receivable from its investees at fair value through profit or loss.

The loans are denominated in USD and EUR, unsecured, interest bearing (range from 3.60% to 9.0%) with variable terms of repayment and represent an alternative to the equity way of financing investments. The Company at its capacity of the shareholder may amend any terms of the loans including modification to convert loans in full or in part into equity.

Loans receivable are accounted at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* and measured at fair value in accordance with IFRS 13 *Fair value measurement* as the present value of the expected future cash flows, discounted using a market-related rate. Expected future cash flows are represented by cash flows generated from the underlying assets for the loans (the real estate projects).

(d) Foreign currency

Transactions in foreign currencies are translated into US dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into US dollar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/(loss) from investments at fair value through profit or loss or net gain/(loss) from loans receivable.

(e) Financial instruments

(i) Recognition, initial measurement and derecognition

Trade receivables are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(ii) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Company's financial assets comprise trade and other receivables, cash and cash equivalents and short-term deposits and are classified into the financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that were subject to insignificant risk of changes in their fair value.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company measures all of its financial liabilities at amortized cost.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium reserves include amounts that were created due to the issue of share capital at a value price greater than the nominal.

(g) Impairment

The Company uses "expected credit loss" (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade and other receivables and cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables and receivables on internal settlements at an amount equal to lifetime ECLs.

Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a debt or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether cash and cash equivalents are credit-impaired, the Company considers the following factors:

- significant financial difficulty of the bank;
- a breach of contract such as a default or a contractual payment being more than a couple of days past due;
- it is becoming probable that the bank will enter bankruptcy or other financial reorganisation.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses on financial assets are presented under "other operating expenses" and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Finance income and costs

Finance income comprises interest income on financial assets, calculated using the effective interest rate, and currency exchange gains. Finance costs comprise interest expense and currency exchange losses.

Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating the effective interest rate, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income is made on a net basis again.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The "gross carrying amount of a financial asset" measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Interest received or receivable, and interest paid or payable, are recognised in profit or loss as finance income and finance costs, respectively, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/ (loss) from investments at fair value through profit or loss or net loss from loans receivable.

(j) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated at fair value through profit or loss is recognised in profit or loss in separate line item.

(k) Net gain/(loss) from financial assets at fair value through profit or loss

Net gain/(loss) from financial assets at fair value through profit or loss includes all realised and unrealised fair value changes, interest income, foreign exchange differences and dividend income.

(l) Fees and administrative expenses

Fees and administrative expenses are recognised in profit or loss as the related services are performed or expenses are incurred.

(m) Tax

Tax liabilities and assets for the current and prior years are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous years.

5. Taxation

(in thousands of USD)	2019	2018
Corporation tax	-	-
Corporation tax- prior year	-	(24)
Overseas tax	46	55
	46	31

Reconciliation of tax based on the taxable income and tax based on accounting profits is as follows:

(in thousands of USD)	**2019**	2018
Accounting profit before tax	**30,355**	18,234
Tax calculated at the applicable tax rates	**3,794**	2,279
Tax effect of expenses not deductible for tax purposes	**301**	315
Prior year tax		(24)
Tax effect of allowances and income not subject to tax	**(4,123)**	(2,577)
Tax effect of tax loss for the year	**74**	
Tax effect of tax group relief Overseas tax	**-**	38
Tax as per statement of comprehensive income	**46**	31

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

6. Dividends payable

During the year ended 31 December 2019 no dividends were declared by the Company.

On 28 December 2018 the Company declared a distribution of USD 2,500 thousand of dividends, which were fully settled during the year ended 31 December 2019.

On 26 February 2018 the Company declared a distribution of USD 5,700 thousand of dividends to its shareholders. Out of this declared dividend distribution the amount of USD 2,904 thousand was settled in cash on 4 April 2018 and USD 155 thousand was settled in cash on 26 September 2018. The balance of USD 2,641 thousand was set-off against the receivable from shareholders for share capital increase (Note 10).

7. Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss relate to the following projects:

(in thousands of USD)	**2019**	2018
Pyramida	**47,633**	42,087
West Gate	**41,698**	36,146
East Gate	**22,249**	21,229
PMS One	**52,049**	49,263
PMS Two	**16,652**	15,184
	180,281	163,909

In addition to equity financing of its investees, as a part of structuring its investments, the Company also has a number of intragroup loans. The Company's management treats these intragroup loans as quasi-equity instruments because the Company, in its capacity of the shareholder, can amend the conditions of these loans at any time and can impose these amended conditions on its investees, including the amendment to convert any loan in full or in part into equity.

The Company's financial assets at fair value through profit or loss as at 31 December 2019 relating to Pyramida project consist of equity investment in 1849-Apollo Overseas 1 LTD amounting USD 47,628 thousand (2018: USD 38,924 thousand) and loans receivable from Atlantic Pacific

Ventures LLC amounting to USD 5 thousand (2018: USD 3,163 thousand).

The Company's financial assets at fair value through profit or loss as at 31 December 2019 relating to West Gate project consist of loans receivable from SZ Harbour Finance Limited amounting to USD 41,698 thousand (2018: USD 36,146 thousand).

The Company's financial assets at fair value through profit or loss as at 31 December 2019 relating to East Gate project consist of equity investment in AICEE II Finance Cyprus Limited amounting to USD 12,028 thousand (2018: USD 8,571 thousand) and loans receivable from AICEE II Finance Cyprus Limited amounting to USD 10,221 thousand (2018: USD 12,658 thousand). On 5 June 2018, 100% shares of AICEE II Finance Cyprus Limited were transferred from Turcosa Investments Limited to New Ukraine PE Holding Limited (Note 4 (b)).

The Company's financial assets at fair value through profit or loss as at 31 December 2019 relating to PMS One project consist of equity investment in Orbelson Holding Limited amounting to USD 34,885 thousand (2018: USD 27,230 thousand) and loans receivable from Property Management Solutions One LLC amounting to USD 17,164 thousand (2018: USD 22,033 thousand).

The Company's financial assets at fair value through profit or loss as at 31 December 2019 relating to PMS Two project consist of equity investment in Glanston Holding Limited amounting to USD 8,184 thousand (2018: USD 6,084 thousand) and loans receivable from Property Management Solutions Two LLC amounting to USD 8,468 thousand (2018: USD 9,100 thousand).

(a) Investment in subsidiaries (investees)

(i) Valuation technique and significant unobservable inputs

For the estimation of fair values of the Company's investments management used the adjusted net assets method.

As at the date of acquisition of investees management estimated the fair value of its investments at the amount of consideration paid in the third party transaction.

As at 31 December 2019, the management of the Company performed a detailed review of the investees' assets and liabilities for the purpose of their fair value assessment:

- Assets are mainly represented by the income generating investment properties. The fair value of the investment properties was assessed as at 31 December 2019 and as at 31 December 2018 by the independent appraiser, CBRE LLC.
- Long term liabilities are mainly represented by long-term tenants' security deposits and deferred tax liability.
- Fair value of long-term tenants' security deposits that carry no interest is measured at present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument, with a similar credit rating.
- Fair value of deferred tax assets and liabilities is measured using discounted pattern of expected realisation of these deferred tax assets and liabilities (aligned with expected net operating incomes of the Company's investees) at the discount rate applicable to the fair value assessment of the investment property.
- Other assets and liabilities are short-term by nature and their fair value approximates the carrying amount. Thus, no additional adjustment is required.

The investees' net assets are adjusted for the non-controlling interest based on the ownership percentage.

Summary of fair values of respective investment projects are as follows as at 31 December 2019:

(in thousands of USD)	**Pyramida**	**West Gate**	**East Gate**	**Eurasia**	**Prime**	**Total**
Assets						
Investment property	50,300	39,800	22,600	54,300	16,800	183,800
Prepayments for investment property	91	-	-	251	-	342
Property and equipment and intangible assets	11	-	-	1	35	47
Deferred tax asset	-	1,586	-	-	-	1,586
Trade accounts receivable, net	2,232	48	22	15	46	2,363
Prepayments made	111	130	76	109	48	474
Taxes receivable	202	10	11	-	9	232
Other current assets	6	2	1	3	1	13
Cash	1,761	559	320	1,509	447	4,596
Total assets	54,714	42,135	23,030	56,188	17,386	193,453
Liabilities (excluding loans payable)						
Deferred tax liability	(5,328)	-	(527)	(2,357)	(462)	(8,674)
Tenants' security deposits	(1,016)	(247)	-	(773)	(82)	(2,118)
Trade and other accounts payable	(172)	(69)	(34)	(99)	(23)	(397)
Prepayments received	-	-	(169)	(573)	(68)	(810)
Other taxes payable	(565)	(121)	(51)	(337)	(99)	(1,173)
Total liabilities (excluding loans payable)	(7,081)	(437)	(781)	(4,139)	(734)	(13,172)
Net identifiable assets and liabilities (excluding loans payable)	47,633	41,698	22,249	52,049	16,652	180,281
Ownership	100%	100%	100%	100%	100%	
Total financial assets at fair value through profit or loss	47,633	41,698	22,249	52,049	16,652	180,281

Summary of fair values of respective investment projects are as follows as at 31 December 2018:

(in thousands of USD)	Pyramida	West Gate	East Gate	Eurasia	Prime	Total
Assets						
Investment property	46,000	34,400	20,600	51,000	15,400	167,400
Property and equipment and intangible assets	12	3	-	1	18	34
Deferred tax asset	-	1,569	272	-	-	1,841
Trade accounts receivable, net	572	94	50	84	24	824
Prepayments made	171	158	77	92	37	535
Taxes receivable	-	34	10	2	21	67
Cash	743	193	416	1,058	354	2,764
Total assets	47,498	36,451	21,425	52,237	15,854	173,465
Liabilities (excluding loans payable)						
Deferred tax liability	(4,344)	-	-	(1,939)	(369)	(6,652)
Tenants' security deposits	(783)	(181)	-	(406)	(65)	(1,435)
Trade and other accounts payable	(60)	(39)	-	(49)	(54)	(202)
Prepayments received	-	(35)	(196)	(371)	(62)	(664)
Other taxes payable	(224)	(50)	-	(209)	(120)	(603)
Total liabilities (excluding loans payable)	(5,411)	(305)	(196)	(2,974)	(670)	(9,556)
Net identifiable assets and liabilities (excluding loans payable)	42,087	36,146	21,229	49,263	15,184	163,909
Ownership	100%	100%	100%	100%	100%	
Total financial assets at fair value through profit or loss	42,087	36,146	21,229	49,263	15,184	163,909

To assist with the estimation of fair value of investment properties as at 31 December 2019 and as at 31 December 2018, management engaged independent appraiser CBRE LLC, having a recognised professional qualification and recent experience in the location and categories of the projects being valued.

The 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 valuation is prepared in accordance with practice standards contained in the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) or in accordance with International Valuation Standards published by the International Valuations Standards Council.

The fair value measurement, developed for determination of fair value of the properties, is categorised within Level 3 of the fair value hierarchy, due to the significance of unobservable inputs to the measurement.

Investment properties

As at 31 December 2019 investment properties were represented by a shopping mall at Pyramida project, by two logistic warehouses at East Gate and West Gate projects and by two business centers at PMS One and PMS Two projects (see Note 1).

The fair values are based on the estimated future rentals. A market yield is applied to the estimated future rentals to arrive at the property valuation. When actual rents differ materially from the estimated rentals, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants' actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the entity and the lessee, and the remaining economic life of the property.

As at 31 December 2019, the estimation of fair value is made using a net present value calculation based on certain assumptions, the most important of which are as follow:

- Capitalisation rates in range from 11.8% to 13.75% used for calculation of the terminal value following the end of projection period within 1 year, which represent key unobservable inputs for determination of fair value of the investment property;
- Monthly rental rates ranging from:
  - USD 40.5 per sq. m. of rental income and additional rate of USD 5.8 per sq.m. based on tenants' turnovers, for Pyramida project.
  - USD 4.9 to USD 5.0 per sq. m. for the West Gate and East Gate projects.
  - USD 16.8 – 17.6 per sq. m. for the office space and the range USD 150.5 - 151.7 per lot for parking for the PMS One and PMS Two projects.

    Monthly rental rates are based on contractual rental rates and actual occupancy rates in a range from 93.6% to 97.5%.
- The ratio of reimbursement of operating expenses by the tenants in the following ranges, which is based on contractual terms.
  - 101.3% for Pyramida project.
  - 95.2% - 100.0% for the West Gate and East Gate projects.
  - 121.1% - 137.4% for the PMS One and PMS Two projects.

As at 31 December 2018, the estimation of fair value is made using a net present value calculation based on certain assumptions, the most important of which are as follow:

- Discount rates of 13.5% and capitalisation rates in range from 11.0% to 13.5% used for calculation of the terminal value following the end of projection period within 1 year, which represent key unobservable inputs for determination of fair value of the investment property;

- Monthly rental rates ranging from:
    - USD 37.5 per sq. m. of rental income and additional rate of USD 4.6 per sq.m. based on tenants' turnovers, for Pyramida project.
    - USD 3.6 to USD 4.8 per sq. m. for the West Gate and East Gate projects.
    - USD 16.0 per sq.m. for office space and the range of USD 124.9 - USD 153.2 per lot for parking for the PMS One and PMS Two projects.

      Monthly rental rates are based on contractual rental rates and actual occupancy rates in a range from 93.6% to 99.6%.
- The ratio of reimbursement of operating expenses by the tenants in the following ranges, which is based on contractual terms.
    - 74.0% for Pyramida project.
    - 83.0% - 100.0% for the West Gate and East Gate projects.
    - 99.0% - 151.6% for the PMS One and PMS Two projects.

Other assets and liabilities

Long term liabilities are mainly represented by long-term tenants' security deposits and deferred tax liabilities.

Fair value of long-term tenants' security deposits that carry no interest is measured at present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument, with a similar credit rating.

Fair value of deferred tax assets and liabilities is measured using discounted pattern of expected realisation of these deferred tax assets and liabilities (aligned with expected net operating incomes of the Company's investees) at the discount rate applicable to the fair value assessment of the investment property.

The financial instruments not measured at fair value comprise trade and other accounts receivable, cash and cash equivalents and trade and other accounts payable. The carrying amount of such instruments approximates their fair value due to their short-term nature.

Sensitivity of fair value measurement to changes in unobservable inputs – all real estate projects

The valuation model used to assess the fair value of investment property as at 31 December 2019 and 31 December 2018 is particularly sensitive to key unobservable input in the following areas.

For Pyramida, East Gate, West Gate, PMS One and PMS Two projects:

- If capitalisation rates are 0.5% less than those used in valuation models, the fair value of investment property would be USD 7,804 thousand higher (2018: USD 6,982 thousand higher). If capitalisation rates are 0.5% higher, then the fair value of investment property would be USD 6,569 thousand lower (2018: USD 5,950 thousand higher).

Also, the management of the Company assesses sensitivity of the fair value measurement for the following inputs.

For Piramida project:

- If monthly rental rates are 10% less than those used in valuation models, the fair value of investment property would be USD 4,350 thousand lower.

For PMS One and PMS Two projects:

- If monthly rental rates are 10% less than those used in valuation models, the fair value of investment property would be USD 6,592 thousand lower. If monthly rental rates are 10% higher than those used in valuation model, then the fair value of investment property would be USD 6,316 thousand higher.

For Pyramida, East Gate, West Gate, PMS One and PMS Two projects:

- If ratio of reimbursement of operating expenses by the tenants is 25% less than those used in valuation models, the fair value of investment property would be USD 14,110 thousand lower.

8. Cash and cash equivalents

The following table represents an analysis of cash and cash equivalents based on Fitch ratings as at 31 December:

	31 December 2019	31 December 2018
(in thousands of USD)		
Bank balances		
BBB	**2,109**	3,477
Not rated	**2,948**	13
Total	**5,057**	3,490

9. Loans and borrowings

This note provides information about the contractual terms of loans. For more information about the Company exposure to interest rate risk and foreign currency risk, refer to the Note 13 (c).

As at 31 December 2019, the terms and debt repayment schedule of bank loans are as follows:

	Currency	**Nominal interest rate**	**Effective**	**Maturity**	**Carrying value**
(in thousands of USD)					
Long-term loans					
J&T BANKA (Facility A)	USD	7.5%+LIBOR	9.6%	31 December 2021	**4,000**
J&T BANKA (Facility B)	USD	7.0%+LIBOR	9.1%	31 December 2024	**15,500**
J&T BANKA	USD	6.5%+LIBOR	8.6%	30 June 2023	**5,000**
Total					**24,500**
Current portion of long-term loans					
J&T BANKA (Facility A)					**4,000**
J&T BANKA (Facility B)					**4,005**
J&T BANKA					**2,000**
Total					**10,005**

As at 31 December 2018, the terms and debt repayment schedule of bank loans are as follows:

	Currenc	**Nominal interest rate**	**Effective interest**	**Maturity**	**Carrying value**
(in thousands of USD)					
Long-term loans					
J&T BANKA (Facility A)	USD	7.5%+LIBOR	10.25%	31 December 2021	8,000
J&T BANKA (Facility B)	USD	7.0%+LIBOR	9.75%	31 December 2024	19,500
J&T BANKA	USD	6.5%+LIBOR	9.25%	30 June 2023	7,000
Total					34,500
Current portion of long-term loans					
J&T BANKA (Facility A)					4,000
J&T BANKA (Facility B)					4,000
J&T BANKA					2,000
Total					10,000

(a) J&T BANKA Loan

On 23 December 2016, the Company signed a loan facility agreement ("Facility A") with J&T BANKA (Czech Republic, the "Bank") with a limit of USD 20,000 thousand with the purpose of financing of its acquisition transactions with regards to its investees as disclosed in Note 4(b). The Company utilized the whole amount of the loan facility on 28 December 2016. In accordance with the terms of the loan agreement, the Company is obliged to settle the loan in equal quarterly instalments in the amount of USD 1,000 thousand till 31 December 2021.

On 16 February 2018 and on 4 July 2018, the Company signed the additional loan facility agreements ("Facility B" and Loan Facility Agreement USD 10,000 thousand) with the Bank with the limits of USD 27,500 thousand and USD 10,000 thousand respectively. The purpose of Facility B was to repay the equivalent amount of the loan provided by Dragon Capital Investments Limited. The maturity of the Facility B was set to 31 December 2024. The purpose of Loan Facility Agreement USD 10,000 thousand was to repay the equivalent amount of the loan provided by Dragon Capital Investments Limited during the year ended 31 December 2018 as described below in Note 9(b). The maturity of the Loan Facility Agreement USD 10,000 thousand was set to 30 June 2023. In accordance with the terms of the loan agreement, the Company is obliged to settle the loan in equal quarterly instalments in the amount of USD 1,000 thousand till 31 December 2024 for Facility B and of USD 500 thousand till 30 June 2023 for Loan Facility Agreement USD 10,000 thousand. In accordance with the loan agreements, the Company should comply with the number of financial and non-financial covenants. As at 31 December 2019, the Company complied with all the covenants.

Total credit limit in J&T BANKA as at 31 December 2019 amounts to USD 57,500 thousand.

Finance costs that include interest expense accrued under J&T BANKA loans in 2019 amount to USD 3,802 thousand.

Collateral

During the year ended 31 December 2017 the Company's shareholders (as described in Note 1) have signed the Option agreement with the Bank that granted them the right, in the case of event of default on J&T BANKA loan, to settle the J&T BANKA claim and get hold on relevant pledged assets.

As at 31 December 2019, the following pledge and guarantee agreements were concluded to secure the loan agreements of the Company:

Facility A and Facility B amounting to USD 27,505 thousand in total as at 31 December 2019

Directly with regards to assets of the Company:

- Deed of pledge of the shares of the Company owned by Dragon Capital New Ukraine Fund, Dragon Capital Investments Limited, Ukrainian Redevelopment Fund and Sky Mundi SARL and related interests and benefits, accruing in respect of these shares;
- Agreement on pledge of all present and future monetary receivables (together with interests, late charges and claims for compensation of expenses incurred in connection with the exercise of the receivables) of the Company payable by SZ Harbour Finance Limited, AICEE II Finance Cyprus Limited and Turcosa Investments Limited;
- Agreement on pledge of all existing, future or conditional monetary receivables (including current accounts) of the Company;
- Czech law Bank Account Pledge Agreement in respect of the Company's bank accounts with UniCredit Bank in Czech Republic and Slovakia.

With regards to the Company's investment in Pyramida project:

- Pledge agreement for the investment property of Atlantic Pacific Ventures LLC.
- Pledge agreement for all of the current accounts of Atlantic Pacific Ventures LLC and the future expected cash flows on these accounts;
- Financial guarantee agreement under which Atlantic Pacific Ventures LLC is obliged to settle the whole amount of the bank loan of the Company, if the Company will not be able to settle its

obligations when due;

- Agreement on pledge of the Participatory interest of 1849-Apollo Overseas I Ltd in the Charter capital of Atlantic Pacific Ventures LLC;
- Deed of pledge of 1849-Apollo Overseas I Ltd shares that are owned by the Company.

With regards to the Company's investment in PMS One and Two projects:

- Pledge agreement for the investment property of PMS One business centre "Eurasia:
- Pledge agreement for the investment property of PMS Two business centre "Prime";
- Ukrainian law share pledge agreements in respect of 100% shares in PMS One and PMS Two and PMS;
- Cypriot law Share Pledge Agreement in respect of 100% shares in Orbelson Holding Limited;
- Cypriot law Share Pledge Agreement in respect of 100% shares in Glanston Holding Limited;
- Cypriot law Share Pledge Agreement in respect of 100% shares in Mevalor Enterprises Limited.

With regards to the Company's investment in East Gate project:

- Pledge agreement for the investment property of East Gate Logistic LLC;
- Pledge agreement for all of the current accounts of East Gate Logistic LLC and the future expected cash flows on these accounts;
- Financial guarantee agreement under which East Gate Logistic LLC is obliged to settle the whole amount of the bank loan of the Company mentioned above, if the Company will not be able to settle its obligations when due;
- Deed of pledge of the shares of EGL Holding Limited owned by Turcosa Investments Limited;
- Deed of pledge of the shares of AICEE II Finance Cyprus Limited owned by the Company;
- Deed of pledge of the shares of Turcosa Investments Limited owned by the Company.

Loan Facility Agreement amounting to USD 7,000 thousand as at 31 December 2019

With regards to the Company's investment in West Gate project:

- Pledge agreement for the investment property of West Gate Logistic LLC as at 31 December 2019;
- Agreement on pledge of all present and future monetary receivables of SZ Harbour Finance Limited payable by West Gate Logistic LLC;
- Deed of pledge of the shares of the companies SZ Harbor Finance Limited and GLD Logistik Park Holding Limited owned by the Company;
- Agreement on pledge of all present and future monetary receivables of the Company payable by SZ Harbour Finance Limited;
- Deed of pledge of the shares of the company West Gate Logistic LLC owned by GLD Logistik Park Holding Limited.

(b) DCI loan

On 25 September 2017, the Company signed a loan agreement with Dragon Capital Investment Limited (the "DCI"), one of the Company's shareholders (Note 1), for the amount of USD 55,000 thousand with the purpose of financing of its acquisition transactions with regards to its investees in 2017 as disclosed in Note 4(b). The loan was repayable on 31 December 2017. No collateral was prescribed by this loan agreement.

On 3 October 2017, the Company signed a subordination agreement with DCI and the Bank, under which the loan from the Bank is considered superior to the loan from DCI. According to the terms of this agreement, repayment of DCI Loan can be conducted only upon receipt of the Bank's consent.

On 24 November 2017, following receipt of the Bank's consent, the Company repaid the portion of DCI loan amounting to USD 27,500 thousand using proceeds received from share capital increase.

On 28 December 2017, the repayment of DCI loan agreement was extended up to 30 June 2018.

On 30 January 2018, the repayment date of this loan agreement was changed to 16 February 2018. On 20 February 2018 the Company settled the remaining portion of DCI loan amounting to USD 27,741 thousand as at 31 December 2017 (including accrued interest as at 31 December 2017 of USD 241 thousand) and additional interest accrued for 2018 using proceeds received under Facility B loan agreement from the Bank as described above.

In addition, on 25 June 2018 the Company signed a loan agreement with DCI for the amount of USD 10,000 thousand with the purpose of financing of its acquisition transactions with regards to its investees in 2018 as disclosed in Note 4(b). The loan was repayable on 15 July 2018. On 12 July 2018, following the receipt of Facility C from the Bank, the Company fully repaid the DCI loan.

Finance costs that include interest expense accrued under DCI loans in 2018 amount to USD 369 thousand.

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity		Total
	J&T BANKA Loan	DCI Loan	Dividends	Share capital/ premium	Total
(in thousands of USD)					
Balance at 1 January 2018	16,000	27,741	-	61,348	105,089
Cash movements					
Proceeds from loans and borrowings received	37,500	10,033	-	-	47,533
Repayment of loans and borrowings	(9,000)	(37,533)	-	-	(46,533)
Finance expense paid	(3,862)	(610)	-	-	(4,472)
Dividends paid	-		(3,059)	-	(3,059)
Proceeds from issue of share capital	-		-	529	529
Non-cash movements					
Finance costs	3,862	369	-	-	4,231
Dividends accrued	-		8,200	-	8,200
Set-off (Note 10)	-		(2,641)	2,641	-
Balance at 1 January 2019	**44,500**	**-**	**2,500**	**64,518**	**111,518**
Cash movements					
Repayment of loans and borrowings	**(10,000)**	-	-	-	**(10,000)**
Finance expense paid	**(3,797)**	-	-	-	**(3,797)**
Dividends paid	-	-	**(2,500)**	-	**(2,500)**
Non-cash movements					
Finance costs	**3,802**	-	-	-	**3,802**
Balance at 31 December 2019	**34,505**	-	-	**64,518**	**99,023**

10. Share capital and premium

There is no movements in share capital and share premium in 2019.

(quantity of shares)	**Ordinary shares**
Total share capital as at 31 December 2018	**63,198**
Par value, USD	**1.0904**
Total share capital as at 31 December 2019, USD thousand	**69**

On 20 June 2018, the Company increased its share capital by 3,144 ordinary shares of USD 1.0904 each at par. Total additional share premium as a result of share capital increase amounts to USD 3,166 thousand. Out of share capital increase USD 529 thousand were settled by cash and USD 2,641 thousand were set-off against the dividend payable from the Company (Note 6).

Movements in share capital and share premium in 2018 were as follow:

(quantity of shares)	Ordinary shares
Total share capital as at 31 December 2017	60,645
Additionally issued for the year	3,144
In issue as at 31 December 2018 - fully paid	63,198
Par value, USD	1.0904
Total share capital as at 31 December 2018, USD thousand	69

11. Net gain from financial assets at fair value through profit or loss

Net gain from financial assets at fair value through profit or loss for the years ended 31 December is as follow:

(in thousands of USD)	**2019**	2018
Finance income (Note 13(b))	**4,609**	5,527
Finance costs (Note 13(b))	**(2,026)**	(2,490)
Dividend income (Note 13(b))	**3,140**	4,860
Gain from financial assets at fair value through h profit or loss (Note 13(b))	**28,555**	15,111
Net gain from financial assets at fair value through profit or loss	**34,278**	23,008

12. Contingencies

(a) Taxation contingencies

The Company is subject to tax charges within Cyprus jurisdiction. Additionally, the Company's investees perform most of their operations in Ukraine and are therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retrospectively, be open to wide interpretation and in some cases conflict with other legislative requirements. Instances of inconsistent opinions between local, regional, and national tax authorities and the Ukrainian Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are empowered by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

Management believes that the Company has adequately assessed tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions for the purpose of assessment of the Company's assets fair value. However, the interpretations of the relevant authorities could differ and the effect on the financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

13. Financial instruments - Fair values and financial risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Management believes that fair value of cash and cash equivalents, loans and borrowings and other accounts payable approximates their carrying amount.

		Carrying amount				Fair value	
(in thousands of USD)	*Note*	Designated at fair value	Financial assets at amortised cost	Other financial liabilities	Total	Level 3	Total
31 December 2019							
Financial assets measured at fair value							
Financial assets at fair value through profit or loss	7	180,281			180,281	180,281	180,281
		180,281			180,281	180,281	180,281
Financial assets not measured at fair value							
Cash and cash equivalents	8		5,057		5,057		
Trade and other receivables			81		81		
			5,138		5,138		
Financial liabilities not measured at fair value							
Trade and other payables				165	165		
Loans and borrowings	9	-	-	34,505	34,505		
		-	-	34,670	34,670		

(in thousands of USD)	*Note*	Carrying amount: Designated at fair value	Carrying amount: Financial assets at amortised cost	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair value: Level 3	Fair value: Total
31 December 2018							
Financial assets measured at fair value							
Financial assets at fair value through profit or loss	7	163,909	-	-	163,909	163,909	163,909
		163,909	-	-	163,909	163,909	163,909
Financial assets not measured at fair value							
Cash and cash equivalents	8	-	3,490	-	3,490		
Trade and other receivables		-	61	-	61		
		-	3,551	-	3,551		
Financial liabilities not measured at fair value							
Trade and other payables		-	-	20	20		
Loans and borrowings	9	-	-	44,500	44,500		
		-	-	44,520	44,520		

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used for Level 3 fair values, are disclosed in the following relevant notes:

- Note 7 – Financial assets at fair value through profit and loss.

Fair value of the Company's financial assets at fair value through profit or loss is mainly impacted by the major underlying assets – income generating investment properties. The sensitivity analysis for the investment properties is disclosed in the Note 7 (a).

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the amount of consideration incurred for acquisition of investees to the closing balances of financial assets at fair value through profit or loss.

(in thousands of USD)	*Note*	**Financial assets at FVTPL**
Balance at 1 January 2018		141,736
Acquisition of investees	*4(b)*	15,096
Dividend income	*11*	4,860
Increase of share capital of investee	*4(b)*	7,443
Finance income	*11*	5,527
Loans principal received		(12,489)
Dividend received		(4,860)
Interest received		(6,025)
Finance costs		(2,490)
Gain from financial assets at fair value through profit or loss		15,111
Balance at 31 December 2018		**163,909**

(continued)

Balance at 31 December 2018		**163,909**
Dividend income	*11*	**3,140**
Increase of share capital of investee	*4(b)*	**194**
Finance income	*11*	**4,609**
Loans principal received		**(7,969)**
Dividend received		**(3,140)**
Interest received		**(6,991)**
Finance costs	*11*	**(2,026)**
Gain from financial assets at fair value through profit or loss	*11*	**28,555**
Balance at 31 December 2019		**180,281**

(c) Financial risk management

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business. The Company does not hedge its exposure to such risks. The political and economic situation is described in Note 2 of these financial statements. The deterioration of political and economic situation could negatively impact the results and financial position in a manner not currently determinable.

(i) Risk management policy

The management has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure.

Loans receivable

The Company issues loans to its subsidiaries. All these loans are unsecured and are stated at fair value through profit or loss in these financial statements. Recoverability of these loans receivable depends on operating results of the Company's investees which owns the income generating real estate. The carrying amount of financial assets represents the maximum credit exposure.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, so no expected credit losses were recognised as at 31 December 2019.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments:

		Contractual cash flows			
(in thousands of USD)	**Carrying amount**	**Total**	**Within one year**	**2-5 years**	**More than 5 years**
Loans and borrowings from J&T BANKA	**34,505**	**41,050**	**12,811**	**28,239**	**-**
Trade and other payables	**165**	**165**	**165**	**-**	**-**
	34,670	**41,215**	**12,976**	**28,239**	**-**

The following are the contractual maturities of financial liabilities as at 31 December 2018. The amounts are gross and undiscounted, and include estimated interest payments:

		Contractual cash flows			
(in thousands of USD)	Carrying amount	Total	Within one year	2-5 years	More than 5 years
Loans and borrowings from J&T BANKA	44,500	55,478	13,929	37,853	3,696
Trade and other payables	20	20	20	-	-
	44,520	55,498	13,949	37,853	3,696

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Fair value of loans receivable at fair value through profit or loss depends on fair values of underlying real estate projects (see Note 7), therefore fair values are not directly impacted by change in interest rates.

Foreign currency risk

The majority of the Company's income, expenses, assets and liabilities are denominated in US dollars. However, the underlying cash flows of the Company's investees are denominated in Ukrainian hryvnias. Though the Company attempts to peg its revenues to US dollar in the depressed economy it is not always possible to recover in full the effect of Ukrainian hryvnia devaluation. Weakening of the Ukrainian hryvnia would have resulted in decrease in fair value of financial assets at fair value through profit or loss (Note 7).

(d) Capital management

The Directors of DC Partners, the General Partner of Dragon Capital New Ukraine Fund, one of the Company's shareholders and acting on behalf of the Company, seek to maintain a sufficient capital base for meeting the Company's operational and strategic needs. This is achieved by efficient cash management and constant monitoring of investment projects.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

14. Related party transactions

(a) Control relationship

The Company's control relationships are described in Note 1.

(b) Transactions with management personnel

Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Company.

During the year ended 31 December 2019 remuneration of key management personnel amounted to USD 53 thousand (31 December 2018: USD 30 thousand).

(c) Transactions with shareholders

Outstanding balances with shareholders as at 31 December are as follow:

(in thousands of USD)	**2019**	2018
Dividends payable (Note 6)	-	2,500

Profit or loss transactions with shareholders during the period ended 31 December are as follow:

(in thousands of USD)	**2019**	2018
Finance costs	-	369

(d) Transactions with subsidiaries

Outstanding balances with subsidiaries as at 31 December are as follow:

(in thousands of USD)	**2019**	2018
Financial assets at fair value through profit or loss (Note 7)	**180,281**	163,909

Profit or loss transactions with subsidiaries during the period ended 31 December are as follow:

(in thousands of USD)	**2019**	2018
Finance income (Note 11)	**4,609**	5,527
Finance costs (Note 11)	**(2,026)**	(2,490)
Dividend income (Note 11)	**3,140**	4,860
Gain from financial assets at fair value through profit or loss (Note 11)	**28,555**	15,111
	34,278	23,008

15. Events after the reporting period

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic. In response to a potentially serious threat of COVID-19 to public health, Ukrainian authorities took a series of steps to contain the epidemic by imposing restrictions on the travels inside the country, closing the cities in the regions that might be affected by the epidemic, additional measures to ensure social distancing, including the closure of shopping malls (with exception for food stores and hygiene necessities stores), schools, universities, restaurants, cinemas, theatres, museums, and sports facilities, restricting transhipment and interregional migration and suspending over-the-border traffic to and from Ukraine. In the second half of March, the Cabinet of Ministers of Ukraine introduced quarantine and announced emergency situation throughout Ukraine till 24 April 2020, with further extension till 22 June 2020, with gradual release starting from 22 May 2020. Certain organizations also instructed their personnel to stay at home and restrict or temporarily close down the business. Please refer to note 1(b) for the details. At the date of these financial statements were authorized for issuance, most of the restrictions have been released.

Implementation of quarantine measures resulted in governmental restriction, according to which, starting from March 2020 part of the Company's investees' tenants were unable to operate. The Company's investees provided such tenants with rent-free period until the quarantine period is over.

The government started gradual removal of restrictions at the end of May 2020. At the date of these financial statements were authorized for issuance, most of the Company's investees' tenants were able to continue their operational activities.

Taking into consideration the above mentioned and the current operating results of the Company, as well as currently available publicly available information, management does not expect a further decline in the Company's performance due to negative impact of the coronavirus pandemic. However the Company continues to monitor the situations closely and are ready to adapt the Company's operational plans accordingly to mitigate the impact of such events and circumstances as they occur.