

20 May 2014

**AFI DEVELOPMENT PLC
("AFI DEVELOPMENT" OR "THE COMPANY")**

RESULTS FOR THE THREE MONTHS TO 31 MARCH 2014

Sustainable growth in revenue

AFI Development, a leading real estate company focused on developing property in Russia, has today announced its financial results for the three months ended 31 March 2014.

Q1 2014 financial highlights

- Revenues up 10% year-on-year to US\$36.7 million
 - Rental income up 11% year-on-year to US\$36.7 million
 - AFIMALL City contribution at US\$28.0 million
- The weakening of the Russian rouble against the US dollar in Q1 2014 reflected in a US\$72.9 million fair value adjustment gain, partially offset by a forex loss of US\$37.9 million
- Net profit up 56% to US\$24.3 million compared to Q1 2013
- Cash, cash equivalents and marketable securities of US\$148.7 million, maintaining the Company's strong cash position

Q1 2014 operational highlights

- **AFIMALL City** operations continue to demonstrate steady progress resulting in a 20% rise in revenues year-on-year to US\$28.0 million
 - NOI was US\$16.3 million for the quarter, 11% growth year-on-year
 - Occupancy levels increased to 83% of total leasable area (compared to 79% at the end of 2013)
 - Average monthly footfall up 26% year-on-year in March 2014
- Sales of apartments underway at **Odinburg** as construction progresses
- Preparations for start of construction at **Tverskaya Plaza Ic** in progress, following obtainment of construction permit

Commenting on today's announcement, Lev Leviev, Executive Chairman of AFI Development, said:

“The progress we made during 2013 across our performing assets and development projects continued in the first quarter of 2014. With growing footfall and rental income, AFIMALL City, our flagship retail development, remains a key driver of our total revenues. To further strengthen our market position and capitalise on robust demand for residential and commercial space in Moscow, we are also making great headway with our development projects. Construction at our Odinburg residential development started in October 2013, whilst Tverskaya Plaza Ic will soon follow. At the same time, our focus on generating returns from our assets remains in place, as reflected in our robust financial position.”

Q1 2014 Results Conference Call:

AFI Development will hold a conference call for analysts and investors to discuss its Q1 2014 financial results on Wednesday, 21 May 2014, following the publication of the Company's financial results.

The details for the conference call are as follows:

Date:	Wednesday, 21 May 2014
Time:	3pm BST (6pm Moscow)
Dial-in Tel:	International: +44 (0) 20 3003 2666
	UK toll free: 0808 109 0700
	US toll-free: 1 866 966 5335
	Russia toll-free: 8 10 8002 4902044
Password:	AFI

Please dial in 5/10 minutes prior to the commencement time giving your name, company and stating that you are dialling into the AFI Development conference call quoting the reference AFI.

A replay facility will be available for 1 week following the call. To access the recording, please dial +44 (0) 20 8196 1998 and enter access code 8264042.

Prior to the conference call, the Q1 2014 Investor Presentation of AFI Development will be published on the Company website at <http://www.afi-development.com/en/investor-relations/reports-presentations> on 21 May 2014 by 11am BST (2pm Moscow).

- ends -

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About AFI Development

AFI Development is one of the leading real estate development companies operating in Russia. Established in 2001, the Company is a publicly traded subsidiary of Africa Israel Investments Ltd.

AFI Development is listed on the Main Market of the London Stock Exchange and aims to deliver shareholder value through a commitment to innovation and continuous project development, coupled with the highest standards of design, construction and quality of customer service.

AFI Development focuses on developing and redeveloping high quality commercial and residential real estate assets across Russia, with Moscow being its main market. The Company's existing portfolio comprises commercial projects focused on offices, shopping centres, hotels and mixed-use properties, and residential projects. AFI Development's strategy is to sell the residential properties it develops and to either lease the commercial properties or sell them for a favourable return.

AFI Development is a leading force in urban regeneration, breathing new life into city squares and neighbourhoods and transforming congested and underdeveloped areas into thriving new communities. The Company's long-term, large-scale regeneration and city infrastructure projects establish the necessary groundwork for the successful launch of commercial and residential properties, providing a strong base for future.

Legal Disclaimer

Some of the information in these materials may contain projections or other forward-looking statements regarding future events, the future financial performance of the Company, its intentions, beliefs or current expectations and those of its officers, directors and employees concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and business. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" or the negative of such terms or other similar expressions. These statements are only predictions and that actual events or results may

differ materially. Unless otherwise required by applicable law, regulation or accounting standard, the Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia and market change in the industries the Company operates in, as well as many other risks specifically related to the Company and its operations.

Chairman and Executive Director's Combined Statement

Steady progress achieved in both performing and development assets during 2013 has continued into 2014. With further development of the Moscow City business district and the Company's effective marketing campaigns, AFIMALL City's operational indicators continued their positive trend resulting in growing revenue contribution of the Mall.

As construction at the Odinburg project advances, AFI Development has initiated sales of apartments which are progressing to plan. At the same time, marketing of the three remaining buildings at the Ozerkovskaya III project to potential buyers and tenants continues, whilst the Company prepares for the launch of construction at its Tverskaya Plaza Ic development.

Looking ahead to the remainder of 2014, our focus will remain on progressing further with our development projects and continually improving the performance of our current assets. At the same time, we are closely monitoring the rate of slowdown in the Russian economy and the geo-political developments in Ukraine to determine what impact, if any, these may have on the Russian real estate market.

Projects update

Odinburg

The construction of the project is progressing according to the development plan.

Initial sales of apartments in the Korona residential building (the first phase of the development) started in December 2013. As of the date of publication of this report, 154 contracts for sales of apartments have been signed.

AFIMALL City

As a result of additional leases signed during Q1 2014, occupancy levels increased to 83% of total gross leasable area. The average monthly footfall to the centre in March 2014 also increased by approximately 26% compared to the same period last year. The revenue contribution of AFIMALL City in Q1 2014 reached US\$28.0 million, up 20% compared to Q1 2013.

Going forward, AFIMALL City is expected to benefit from the continued development of the Moscow City business district, and from recent improvements to transport links to the Mall.

In February 2014, Bellgate Construction Ltd, the Company subsidiary which owns and operates AFIMALL City, paid the final fourth instalment of RUR1,333 million (approx. US\$37.5 million) to the Moscow municipal organisation GUP "Tsentr City" for the underground parking premises at AFIMALL City. This payment was financed by the last tranche of the credit facility provided by VTB Bank JSC.

During the first quarter of 2014, an additional high-rise building, the mixed-use Eurasia Tower with a total gross buildable area of 214,000 sq.m.¹, was put into operation in Moscow City. The tenants and residents of this neighbouring building are expected to provide additional footfall to AFIMALL City.

The new metro station “Delovoy Centre”, with direct access to AFIMALL City, was put into operation during Q1 2014 and is now open to public use.

Ozerkovskaya III

Following the successful disposal of Building 1 to Russian diamond miner Alrosa, the Company continues to market the remaining three buildings to potential buyers and tenants.

Tverskaya Plaza Ic

AFI Development is in the final stages of its preparations to launch construction of the project. The construction permit was obtained during Q1 2014, and the process of selection and appointment of a general contractor is at an advanced stage.

Botanic Garden

As previously announced, in August 2012 AFI Development wrote-off its rights to the project following initiation of bankruptcy proceedings against the “main investor” under the investment contract, Novoe Koltso Moskvyy OJSC (“NKM”), while continuing its efforts to secure development rights to the project.

On 5 February and 21 February 2013, the Company reported that, as a result of negotiations with the Moscow city authorities, the Company’s development rights to the project have been recognised through an addendum to the investment contract for the project. According to this addendum, NKM shall not have any claims to the investments made by AFI Development in the Botanic Garden project and its subsidiary, Nordservice LLC, became the only investor under the investment contract.

In May 2014, the Company made further progress towards restoring the Botanic Garden project on its balance sheet. As a creditor of NKM and a participant in its bankruptcy proceedings, Nordservice LLC purchased additional rights of claim against NKM. Based on the opinion of the Company’s external legal advisers, however, the risks of the Company’s rights under the addendum to the investment contract being challenged by NKM’s receiver remain significant. As a result, the Company is not in a position to restore the project on its balance sheet at the present time.

Lev Leviev
Executive Chairman of the Board

Mark Groysman
Executive Director

¹ According to CBRE Research. The gross buildable area includes underground parking.

ANNEX A

31.3.2014 – Very significant property disclosure

1. AFIMALL City

(Data based on 100%. Share of the Company in the property – 100%)	Current quarter (Q1 2014)	Comparative data			
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Value of the property (000'USD)	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
NOI in the period (000'US\$)	16,807	20,669	17,003	16,704	14,644
Revaluation gains (losses) in the period (000'US\$)	51,904	6,615	(10,727)	31,470	14,040
Average occupancy rate in the period (%)	83%	79%	77%	75%	73%
Rate of return (%)	5.8%	5.9%	5.6%	5.4%	5.1%
Average rent per sq.m. (US\$/annum)	1,224	1,231	1,251	1,268	1,257
Average rent per sq.m. <u>in agreements signed in the period</u> (US\$/annum)	673	529	1,038	1,127	964

ANNEX B
31.3.2014 – Very significant loans disclosure

Balance as of 31.03.2014	Lender type: Bank, Institutional etc.	Indexation/ currency exposure & interest rate	Liens and material legal restrictions on the property	Covenants	Cross default mechanism	Any other covenants or restriction that might increase the cost of debt	In-case it is a credit line facility - what are the terms&conditions for draw downs	The methods/way that the covenant is calculated	Covenant calculation results	The date of Q1 2014 financial statement were reported	The date that the lender is checking the borrower is line with the covenants
USD 309,385,605 and RUR 10,610,145,850 (USD 297,310,396). Total amount in USD as of 31.03.2014 is USD 606,696,001	Specific project financed by VTB Bank JSC	RUR/USD loan provided in five tranches totalling RUR 21 billion. Each tranche can be drawn down either in US Dollars or in Rubles (at Company's discretion). The loan facility has differentiated interest rates which are currency dependent: 9.5% for loans drawn down in Russian rubles and 3 months LIBOR + 5.02% for loans drawn down in US dollars. The interest on the loans is payable on a quarterly basis, throughout the term of the credit line. The principal is due to be fully repaid in April 2018. The RUR interest rate may be unilaterally increased by the lending bank, should one of the interest indicators stipulated by the Russian Central Bank and specified in the loan agreement be increased; the interest rate will be increased by the amount of the interest indicator increase.	1. Liens over all the Bellgate's shares 2. AFI Development PLC company guarantee, limited to USD 1,000,000 3. Mortgage over 100% of the premises of AFIMALL City 4. Mortgage over the premises in the Parking owned by Bellgate, upon registration of Bellgate's rights to land plot under the Parking 5. Permission to debit Bellgate's account held in the lending bank 6. Additional mortgage over the premises of the "Aquamarine" Hotel in Moscow, to be removed in case Bellgate (the borrower) redeems USD 20 million of the principal 7. Additional guarantee by Semprex LLC, a Russian Company - an indirect subsidiary of AFI Development Plc, to be removed in case Bellgate (the borrower) redeems USD 20 million of the principal	(1) Bellgate (the Borrower) should have minimum quarterly revenues, ranging from RUR 651,000,000 in Q3 2012 to RUR 1,139,000,000 in Q1 2018. Penalty: 0.5% per annum extra charge to the interest rate applicable under the loan agreement- applicable only for the quarter when the aforesaid revenue threshold was not achieved; (2) Liquidation Value of the property should be higher than sum of the outstanding principal and six months interest.	N/A	N/A	The loan is given in five tranches: 1st tranche drawn down on 29 June 2012, 2nd tranche drawn down on 3 August 2012 on the amount USD 69,385,604.64 (RUR 2,252,000,000), 3rd tranche of RUR 1,300,000,000 drawn down on 01.02.2013, 4th tranche of RUR 1,333,333,333.33 drawn down on 28.02.2013, 5th tranche of RUR 1,333,333,333.34 drawn down on 28.02.2014.	(1) The total of revenue, including VAT, calculated quarterly; (2) The Liquidation Value is determined by an external valuer appointed by the Bank.	(1) The minimum quarterly revenue for Q1 2014 was 961 million Roubles; (2) Liquidation Value determined by an external valuer appointed by the Bank is USD 866.6 million	20 May 2014	(1) Borrowers revenues are checked quarterly; (2) Liquidation value is checked twice a year, on 22 December and on 22 June.

AFI DEVELOPMENT PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

AFI DEVELOPMENT PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

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Independent auditors' report on review of condensed consolidated interim financial information to the members of AFI DEVELOPMENT PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of AFI Development PLC as at 31 March 2014, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and notes to the interim financial information ('the condensed consolidated interim financial information'). The Company's Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2014 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Marios G. Gregoriades CPA
Certified Public Accountant and Register Auditor

For and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
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19 May 2014

Board Members:

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AFI DEVELOPMENT PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2014 to 31 March 2014

	Note	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Revenue		<u>36,655</u>	<u>33,365</u>
Other income		<u>1,729</u>	<u>3,229</u>
Operating expenses		(21,772)	(21,424)
Carrying value of trading properties sold		-	(194)
Administrative expenses	5	(7,404)	(3,983)
Other expenses	6	<u>(2,261)</u>	<u>(1,777)</u>
Total expenses		<u>(31,437)</u>	<u>(27,378)</u>
Share of the after tax loss of joint ventures		<u>(644)</u>	<u>(637)</u>
Gross Profit		<u>6,303</u>	<u>8,579</u>
Profit on disposal of investment in subsidiaries/joint ventures	19	<u>61</u>	<u>32,088</u>
Valuation gain on properties	9, 10	<u>72,924</u>	<u>16,516</u>
Results from operating activities		<u>79,288</u>	<u>57,183</u>
Finance income		2,686	15,736
Finance costs		<u>(52,737)</u>	<u>(56,224)</u>
Net finance costs	7	<u>(50,051)</u>	<u>(40,488)</u>
Profit before tax		29,237	16,695
Tax expense	8	<u>(4,965)</u>	<u>(1,100)</u>
Profit for the period		<u>24,272</u>	<u>15,595</u>
Profit attributable to:			
Owners of the Company		24,019	15,308
Non-controlling interests		<u>253</u>	<u>287</u>
		<u>24,272</u>	<u>15,595</u>
Earnings per share			
Basic and diluted earnings per share (cent)		<u>2.29</u>	<u>1.46</u>

The notes on pages 7 to 20 form an integral part of the condensed consolidated interim financial statements.

AFI DEVELOPMENT PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2014 to 31 March 2014

	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Profit for the period	<u>24,272</u>	<u>15,595</u>
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Realised translation difference on disposal of subsidiaries/joint ventures transferred to income statement	(77)	30,288
Foreign currency translation differences for foreign operations	<u>(40,841)</u>	<u>(10,581)</u>
Other comprehensive income for the period	<u>(40,918)</u>	<u>19,707</u>
Total comprehensive income for the period	<u>(16,646)</u>	<u>35,302</u>
Total comprehensive income attributable to:		
Owners of the parent	(16,833)	35,158
Non-controlling interests	<u>187</u>	<u>144</u>
	<u>(16,646)</u>	<u>35,302</u>

The notes on pages 7 to 20 form an integral part of the condensed consolidated interim financial statements.

AFI DEVELOPMENT PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2014 to 31 March 2014

	<u>Attributable to the owners of the Company</u>				<u>Total</u> US\$ '000	<u>Non-</u> <u>controlling</u> <u>interests</u> US\$ '000	<u>Total</u> US\$ '000
	<u>Share</u> <u>Capital</u> US\$ '000	<u>Share</u> <u>Premium</u> US\$ '000	<u>Translation</u> <u>Reserve</u> US\$ '000	<u>Retained</u> <u>Earnings</u> US\$ '000			
Balance at 1 January 2013	<u>1,048</u>	<u>1,763,409</u>	<u>(144,610)</u>	<u>9,661</u>	<u>1,629,508</u>	<u>(2,976)</u>	<u>1,626,532</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	15,308	15,308	287	15,595
Other comprehensive income	-	-	19,850	-	19,850	(143)	19,707
Total comprehensive income for the period	-	-	19,850	15,308	35,158	144	35,302
Transactions with owners of the Company Contributions and distributions							
Share option expense	-	-	-	1,191	1,191	-	1,191
Balance at 31 March 2013	<u>1,048</u>	<u>1,763,409</u>	<u>(124,760)</u>	<u>26,160</u>	<u>1,665,857</u>	<u>(2,832)</u>	<u>1,663,025</u>
Balance at 1 January 2014	<u>1,048</u>	<u>1,763,409</u>	<u>(150,454)</u>	<u>117,655</u>	<u>1,731,658</u>	<u>(2,179)</u>	<u>1,729,479</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	24,019	24,019	253	24,272
Other comprehensive income	-	-	(40,852)	-	(40,852)	(66)	(40,918)
Total comprehensive income for the period	-	-	(40,852)	24,019	(16,833)	187	(16,646)
Transactions with owners of the Company Contributions and distributions							
Share option expense	-	-	-	1,220	1,220	-	1,220
Balance at 31 March 2014	<u>1,048</u>	<u>1,763,409</u>	<u>(191,306)</u>	<u>142,894</u>	<u>1,716,045</u>	<u>(1,992)</u>	<u>1,714,053</u>

The notes on pages 7 to 20 form an integral part of the condensed consolidated interim financial statements.

AFI DEVELOPMENT PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Note	31/3/14 US\$ '000	31/12/13 US\$ '000
Assets			
Investment property	9	1,609,800	1,609,800
Investment property under development	10	633,865	635,266
Share of investment in joint ventures		4,464	5,555
Property, plant and equipment	11	62,338	69,735
Long-term loans receivable		21,402	21,652
VAT recoverable		<u>65</u>	<u>430</u>
Non-current assets		<u>2,331,934</u>	<u>2,342,438</u>
Trading properties	12	5,907	6,409
Trading properties under construction	13	129,435	127,213
Other investments		10,802	9,982
Inventory		475	574
Short-term loans receivable		744	774
Trade and other receivables	14	107,204	106,425
Current tax assets		176	-
Cash and cash equivalents	15	<u>137,894</u>	<u>193,330</u>
Current assets		<u>392,637</u>	<u>444,707</u>
Total assets		<u>2,724,571</u>	<u>2,787,145</u>
Equity			
Share capital		1,048	1,048
Share premium		1,763,409	1,763,409
Translation reserve		(191,306)	(150,454)
Retained earnings		<u>142,894</u>	<u>117,655</u>
Equity attributable to owners of the Company	16	1,716,045	1,731,658
Non-controlling interests		<u>(1,992)</u>	<u>(2,179)</u>
Total equity		<u>1,714,053</u>	<u>1,729,479</u>
Liabilities			
Long-term loans and borrowings	17	580,696	778,909
Deferred tax liabilities		130,991	125,260
Deferred income		<u>20,584</u>	<u>22,048</u>
Non-current liabilities		<u>732,271</u>	<u>926,217</u>
Short-term loans and borrowings	17	231,967	27,027
Trade and other payables	18	46,280	100,355
Current tax liabilities		-	4,067
Current liabilities		<u>278,247</u>	<u>131,449</u>
Total liabilities		<u>1,010,518</u>	<u>1,057,666</u>
Total equity and liabilities		<u>2,724,571</u>	<u>2,787,145</u>

The condensed consolidated interim financial statements were approved by the Board of Directors on 19 May 2014.

The notes on pages 7 to 20 form an integral part of the condensed consolidated interim financial statements.

AFI DEVELOPMENT PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2014 to 31 March 2014

	Note	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Cash flows from operating activities			
Profit for the period		24,272	15,595
<i>Adjustments for:</i>			
Depreciation	11	476	423
Net finance costs	7	49,938	39,786
Share option expense		1,220	1,191
Net valuation gain on properties		(72,924)	(16,516)
Share of loss in joint ventures		644	637
Profit on disposal of investment in subsidiaries/joint ventures	19	(61)	(32,088)
(Profit)/loss on sale of property, plant and equipment		(16)	202
Goodwill written off		-	153
Tax expense	8	<u>4,965</u>	<u>1,100</u>
		8,514	10,483
Change in trade and other receivables		(9,227)	10,787
Change in inventories		52	(58)
Change in trading properties and trading properties under construction		(6,431)	(3,444)
Change in trade and other payables		(12,685)	(30,359)
Change in deferred income		<u>371</u>	<u>(2)</u>
Cash generated from operating activities		(19,406)	(12,593)
Taxes (paid)/received		<u>(261)</u>	<u>(467)</u>
Net cash used in operating activities		<u>(19,667)</u>	<u>(13,060)</u>
Cash flows from investing activities			
Net cash inflow from the disposal of subsidiaries	19	1,400	3,380
Net cash outflow for the acquisition of assets and liabilities		-	(202,462)
Proceeds from sale of property, plant and equipment		22	-
Interest received		1,861	387
Change in advances to builders	14,18	1,721	4,574
Payments for construction of investment property under development	10	(5,231)	(3,833)
Payments for the acquisition/renovation of investment property	9,18	(39,110)	(44,380)
Change in VAT recoverable		1,735	1,178
Acquisition of property, plant and equipment	11	(98)	(244)
Acquisition of other investments		<u>(1,019)</u>	<u>-</u>
Taxes paid on disposal of investment property		<u>(4,005)</u>	<u>-</u>
Net cash used in investing activities		<u>(42,724)</u>	<u>(241,400)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	17	36,986	306,854
Repayment of loans and borrowings		(6,500)	(30)
Repayment of a loan from a related party		-	(14,354)
Interest paid		<u>(13,566)</u>	<u>(13,287)</u>
Net cash from financing activities		<u>16,920</u>	<u>279,183</u>
Effect of exchange rate fluctuations		<u>(9,965)</u>	<u>1,233</u>
Net (decrease)/increase in cash and cash equivalents		(55,436)	25,956
Cash and cash equivalents at 1 January		<u>193,330</u>	<u>174,849</u>
Cash and cash equivalents at 31 March	15	<u>137,894</u>	<u>200,805</u>

The notes on pages 7 to 20 form an integral part of the condensed consolidated interim financial statements.

AFI DEVELOPMENT PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

1. **INCORPORATION AND PRINCIPAL ACTIVITY**

AFI Development PLC (the “Company”) was incorporated in Cyprus on 13 February 2001 as a limited liability company under the name Donkamill Holdings Limited. In April 2007 the Company was transformed into public company and changed its name to AFI Development PLC. The address of the Company’s registered office is 165 Spyrou Araouzou Street, Lordos Waterfront Building, 5th floor, Flat/office 505, 3035 Limassol, Cyprus. The Company is a 64.88% subsidiary of Africa Israel Investments Ltd (“Africa-Israel”), which is listed in the Tel Aviv Stock Exchange (“TASE”). The remaining shareholding of “A” shares is held by a custodian bank in exchange for the GDRs issued and listed in the London Stock Exchange (“LSE”). On the 5th of July 2010 the Company issued by way of a bonus issue, 523,847,027 “B” shares, which were admitted to a premium listing on the Official List of the UK Listing Authority and to trading on the main market of LSE. On the same date, the ordinary shares of the Company were designated as “A” shares.

These condensed consolidated interim financial statements of the Company for the period from 1 January 2014 to 31 March 2014 comprise of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in jointly controlled entities.

The principal activity of the Group is real estate investment and development. The principal activity of the Company is the holding of investments in subsidiaries and joint ventures.

2. **BASIS OF PREPARATION**

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and reports directly to the CFO.

AFI DEVELOPMENT PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

2. **BASIS OF PREPARATION (continued)**

Measurement of fair values (continued)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group 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 follows:

- *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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

Several new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

AFI DEVELOPMENT PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

2. **BASIS OF PREPARATION (continued)**

Functional and presentation currency

These consolidated financial statements are presented in United States Dollars which is the Company's functional currency. All financial information presented in United States Dollars has been rounded to the nearest thousand, except when otherwise indicated.

Foreign operations

Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using its functional currency. Where the functional currency of an entity of the Group is other than US Dollars, which is the presentation currency of the Group, then the financial statements of the entity are translated in accordance with IAS 21 'The effects of changes in foreign exchange rates'.

The table below shows the exchange rates of Russian Roubles, which is the functional currency of the Russian subsidiaries of the Group, to the US Dollar which is the presentation currency of the Group:

	Exchange rate	
	Russian Roubles	
As of:	for US\$1 Change	
31 March 2014	35.6871	9.0 %
31 December 2013	32.7292	7.8 %
31 March 2013	31.0834	2.3 %
Average rate during:		
Three-month period ended 31 March 2014	34.9591	14.9 %
Three-month period ended 31 March 2013	30.4142	1.3 %

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2013.

4. **OPERATING SEGMENTS**

The Group has 5 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operation in each of the Group's reportable segments:

- Development Projects – Commercial projects: Include construction of property for future lease.
- Development Projects – Residential projects: Include construction and selling of residential properties.
- Asset Management: Includes the operation of investment property for lease.
- Hotel Operation: Includes the operation of Hotels.
- Other – Land bank: Includes the investment and holding of property for future development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's management team. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

AFI DEVELOPMENT PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

4. OPERATING SEGMENTS (continued)

	Development projects				Asset management		Hotel Operation		Other - land bank		Total	
	Commercial projects		Residential projects		31/3/14 US\$'000	31/3/13 US\$'000	31/3/14 US\$'000	31/3/13 US\$'000	31/3/14 US\$'000	31/3/13 US\$'000	31/3/14 US\$'000	31/3/13 US\$'000
	31/3/14 US\$'000	31/3/13 US\$'000	31/3/14 US\$'000	31/3/13 US\$'000								
External revenues	1	1	-	243	30,685	26,750	3,577	3,863	2,392	2,508	36,655	33,365
Inter-segment revenue	-	-	-	-	-	-	4	5	112	117	116	122
Reportable segment (loss)/profit before tax	(634)	(8,004)	(30)	102	(36,356)	(958)	1,297	(385)	(5,628)	(7,641)	(41,351)	(16,886)
Reportable segment assets	327,521	323,424	177,568	178,199	1,583,659	1,582,816	49,061	53,938	381,464	386,459	2,519,273	2,524,836
Reportable segment liabilities	4,710	-	1,034	-	977,137	1,014,608	-	-	328	1,420	983,209	1,016,028

AFI DEVELOPMENT PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

4. OPERATING SEGMENTS (continued)

Reconciliation of reportable segment profit or loss

	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Profit or loss		
Total profit or loss for reportable segments	(41,351)	(16,886)
Other profit or loss	(1,753)	(14,386)
Share of the after tax loss of joint ventures	(644)	(637)
Profit on disposal of investment in subsidiaries/joint ventures	61	32,088
Valuation gain on properties	<u>72,924</u>	<u>16,516</u>
Consolidated profit before tax	<u>29,237</u>	<u>16,695</u>

5. ADMINISTRATIVE EXPENSES

	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Consultancy fees	555	495
Legal fees	171	261
Auditors' remuneration	152	222
Valuation expenses	28	40
Directors' remuneration	951	360
Salaries and wages	5	39
Depreciation	47	32
Insurance	69	107
Provision for Doubtful Debts	2,463	(582)
Share option expense	1,220	1,191
Donations	1,287	1,053
Other administrative expense	<u>456</u>	<u>765</u>
	<u>7,404</u>	<u>3,983</u>

6. OTHER EXPENSES

	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
Prior year's VAT non recoverable	709	665
Compensation paid for fire damages	-	700
Sundries	<u>1,552</u>	<u>412</u>
	<u>2,261</u>	<u>1,777</u>

AFI DEVELOPMENT PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

7.	<u>FINANCE COST AND FINANCE INCOME</u>	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
	Interest income	2,686	730
	Loans write off	-	15,006
	Net foreign exchange gain	-	-
	Finance income	<u>2,686</u>	<u>15,736</u>
	Interest expense on loans and borrowings	(1)	(157)
	Interest expense on bank loans	(13,849)	(13,956)
	Net change in fair value of financial assets	(160)	(51)
	Translation reserve reclassified upon disposal of joint venture	-	(30,288)
	Net foreign exchange loss	(37,893)	(9,184)
	Other finance costs	<u>(834)</u>	<u>(2,588)</u>
	Finance costs	<u>(52,737)</u>	<u>(56,224)</u>
	Net finance costs	<u>(50,051)</u>	<u>(40,488)</u>
8.	<u>TAX EXPENSE</u>	1/1/14- 31/3/14 US\$ '000	1/1/13- 31/3/13 US\$ '000
	Current tax expense		
	Current year	196	202
	Adjustment for prior years	<u>56</u>	<u>167</u>
		<u>252</u>	<u>369</u>
	Deferred tax expense		
	Origination and reversal of temporary differences	<u>4,713</u>	<u>731</u>
	Total income tax expense	<u>4,965</u>	<u>1,100</u>
9.	<u>INVESTMENT PROPERTY</u>		
	Reconciliation of carrying amount	31/3/14 US\$ '000	31/12/13 US\$ '000
	Balance 1 January	1,609,800	1,292,300
	Transfer from investment property under development	-	1,852
	Acquisitions	-	388,254
	Disposal of investment property	-	(61,397)
	Renovations/additional cost	2,124	13,186
	Fair value adjustment	67,241	42,455
	Effect of movement in foreign exchange rates	<u>(69,365)</u>	<u>(66,850)</u>
	Balance 31 March / 31 December	<u>1,609,800</u>	<u>1,609,800</u>

AFI DEVELOPMENT PLC
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For the period from 1 January 2014 to 31 March 2014

9. INVESTMENT PROPERTY (continued)

The decrease due to the effect of the foreign exchange rates is a result of the weakening of the rouble compared to the US Dollar by 9%, during the first quarter of 2014. The fair value adjustment gain in investments property is related to this rouble weakening. Based on the opinion of the independent appraisers of the Group this rouble weakening had no material effect on the value of the properties and the fair value as at 31 December 2013 has not materially changed. The same applies for investment property under development in note 10 below.

10. INVESTMENT PROPERTY UNDER DEVELOPMENT

	31/3/14 US\$ '000	31/12/13 US\$ '000
Balance 1 January	635,266	567,737
Construction costs	5,231	17,050
Disposal	(1,400)	-
Acquisition	-	846
Transfer to investment property	-	(1,852)
Fair value adjustment	6,038	63,779
Effect of movements in foreign exchange rates	<u>(11,270)</u>	<u>(12,294)</u>
Balance 31 March / 31 December	<u>633,865</u>	<u>635,266</u>

During the period the Company disposed its 100% share in Keyiri Trade & Invest Limited with its Russian subsidiary Favorit LLC, holding rights to the St Petersburg project, of a book value of US\$1,400 thousand. For further details refer to note 19.

The decrease due to the effect of the foreign exchange rates is a result of the rouble weakening compared to the US Dollar by 9% during the first quarter of 2014.

11. PROPERTY, PLANT AND EQUIPMENT

	31/3/14 US\$ '000	31/12/13 US\$ '000
Balance 1 January	69,735	76,555
Additions	98	1,807
Interest capitalised	-	-
Depreciation for the period/year	(476)	(1,874)
Disposals	(6)	(11)
Effect of movements in foreign exchange rates	<u>(7,013)</u>	<u>(6,742)</u>
Balance 31 March / 31 December	<u>62,338</u>	<u>69,735</u>

AFI DEVELOPMENT PLC

For the period from 1 January 2014 to 31 March 2014

12. TRADING PROPERTIES

	31/3/14 US\$ '000	31/12/13 US\$ '000
Balance 1 January	6,409	3,597
Acquisition	-	6,944
Transfer from trading properties under construction	-	29,772
Disposals	-	(32,623)
Effect of movements in exchange rates	<u>(502)</u>	<u>(1,281)</u>
Balance 31 March / 31 December	<u>5,907</u>	<u>6,409</u>

Trading properties comprise unsold apartments and parking places.

13. TRADING PROPERTIES UNDER CONSTRUCTION

	31/3/14 US\$ '000	31/12/13 US\$ '000
Balance 1 January	127,213	141,787
Transfer to trading properties	-	(29,772)
Construction costs	6,064	17,805
Effect of movements in exchange rates	<u>(3,842)</u>	<u>(2,607)</u>
Balance 31 March / 31 December	<u>129,435</u>	<u>127,213</u>

Trading properties under construction comprise "Odinburg" project which involves primarily the construction of residential properties.

14. TRADE AND OTHER RECEIVABLES

	31/3/14 US\$ '000	31/12/13 US\$ '000
Advances to builders	38,267	40,241
Amounts receivable from related parties (note 23)	12,021	12,999
Trade receivables net	10,871	9,659
Other receivables	30,841	26,515
VAT recoverable	13,039	15,711
Other tax receivables	<u>2,165</u>	<u>1,300</u>
	<u>107,204</u>	<u>106,425</u>

Trade receivables net

Trade receivables are presented net of an accumulated provision for doubtful debts of US\$15,121 thousand (2013: US\$12,658 thousand).

15. CASH AND CASH EQUIVALENTS

	31/3/14 US\$ '000	31/12/13 US\$ '000
Cash and cash equivalents consist of:		
Cash at banks	137,672	193,027
Cash in hand	<u>222</u>	<u>303</u>
	<u>137,894</u>	<u>193,330</u>

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For the period from 1 January 2014 to 31 March 2014

16. SHARE CAPITAL AND RESERVES

	31/3/14 US\$ '000	31/12/13 US\$ '000
<u>Share Capital</u>		
Authorised 2,000,000,000 shares of US\$0.001 each	<u>2,000</u>	<u>2,000</u>
Issued and fully paid		
523,847,027 A shares of US\$0.001 each	524	524
523,847,027 B shares of US\$0.001 each	<u>524</u>	<u>524</u>
	<u>1,048</u>	<u>1,048</u>

Employee Share option plan

There were no changes as to the employee share option plan during the three-month period ended 31 March 2014.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to the Group presentation currency and the foreign exchange differences on loans designated as loans to an investee company which are accounted for as part of the investor's investment (IAS21.15) as their repayment is not planned or likely to occur in the foreseeable future. These foreign exchange differences are recognised directly to Translation Reserve.

Retained earnings

The amount at each reporting date is available for distribution. No dividends were proposed, declared or paid during the three-month period ended 31 March 2014.

17. LOANS AND BORROWINGS

	31/3/14 US\$ '000	31/12/13 US\$ '000
<u>Non-current liabilities</u>		
Secured bank loans	<u>580,696</u>	<u>778,909</u>
<u>Current liabilities</u>		
Secured bank loans	231,360	26,367
Unsecured loans from other non-related companies	<u>607</u>	<u>660</u>
	<u>231,967</u>	<u>27,027</u>

There were no material changes to loans during the quarter ended 31 March 2014 apart from the following:

During the period the Group received the fifth and final tranche, of total approx US\$36,986 million (RUR 1,333 million), of the secured loan from VTB Bank designated for the payment of the fourth instalment to the City of Moscow, for the acquisition of the parking area under the AFIMALL City. In addition the Group made the first quarterly payment of US\$6.5 million on account of the principal of the loans as per the agreed loan facility.

The remaining amount of US\$205 million of the loan from VTB Bank received on 25 January 2013 by the Group's subsidiary Krown Investments LLC was reclassified to current liabilities as its repayment is due within the next twelve months.

AFI DEVELOPMENT PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

18. TRADE AND OTHER PAYABLES

	31/3/14 US\$ '000	31/12/13 US\$ '000
Trade payables	10,008	11,175
Payables to related parties (note 23)	3,815	4,088
Amount payable to builders	11,812	9,556
VAT and other taxes payable	14,941	28,260
Amount payable for the acquisition of properties	-	39,967
Advances from customers	1,631	107
Other payables	<u>4,073</u>	<u>7,202</u>
	<u>46,280</u>	<u>100,355</u>

Payables to related parties

Include an amount of US\$3,010 thousand (31/12/13: US\$3,282 thousand) payable to Danya Cebus Rus LLC, related party of the Group, for contracts signed in relation to the construction of Group's project.

Amount payable for the acquisition of properties

During the period the Group paid the fourth and final installment for the acquisition of the parking area under the AFIMALL City using the loan tranche as described in note 17.

19. DISPOSAL OF INVESTMENT IN SUBSIDIARIES/JOINT VENTURES

	31/3/14 US\$ '000	31/3/13 US\$ '000
The profit on disposal of investment in subsidiaries/ joint ventures consists of:		
Profit on disposal of non-significant subsidiaries	61	-
Profit on disposal of Westec Four Winds Ltd	<u>-</u>	<u>32,088</u>
	<u>61</u>	<u>32,088</u>

The profit on disposal of non-significant subsidiaries comprises of Keyiri Trade and Invest Ltd together with its subsidiary OOO Favorit and OOO Sever Region K. The selling price of the disposal was \$1,400 thousand. The resulting profit on sale amounting to US\$61 thousand was recognised in the income statement.

The selling price of the disposal of Westec Four Winds Ltd was US\$103,380 thousand. The resulting profit on sale amounting to US\$32,088 thousand and a translation reserve of US\$30,288 thousand was reclassified as a realised exchange loss in financing expenses of the income statement of first quarter 2013.

The above disposal had the following effect on the Group's assets and liabilities:

	31/3/14 US\$ '000
Investment property under development	(1,400)
Trade and other receivables	(14)
Current tax asset	(2)
Deferred tax assets	(1)
Trade and other payables	<u>1</u>
Net identifiable assets	<u>(1,416)</u>
Consideration received in cash/ Net cash inflow from the disposal of Non-significant subsidiaries	<u>1,400</u>

AFI DEVELOPMENT PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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20. FINANCIAL INSTRUMENTS

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels and the fair value hierarchy for financial instruments measured at fair value. 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.

	Carrying amount					Fair value				
	Non-current assets		Current assets			Total	Level 1	Level 2	Level 3	Total
	Loans Receivable	Trade and other receivables	Other investments, Including derivatives	Cash and cash equivalents	Loans receivable					
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
31 March 2014										
Financial assets measured at fair value										
Investment in listed debt securities	-	-	10,802	-	-	-	10,802	-	-	10,802
Financial assets not measured at fair value										
Loans receivable	21,402	-	-	-	744	22,146				
Trade and other receivables	-	92,000	-	-	-	92,000				
Cash and cash equivalents	-	-	-	137,894	-	137,894				
	<u>21,402</u>	<u>92,000</u>	<u>10,802</u>	<u>137,894</u>	<u>744</u>					
31 December 2013										
Financial assets measured at fair value										
Investment in listed debt securities	-	-	9,982	-	-	-	9,982	-	-	9,982
Financial assets not measured at fair value										
Loans receivable	21,652	-	-	-	774	22,426				
Trade and other receivables	-	89,414	-	-	-	89,414				
Cash and cash equivalents	-	-	-	193,330	-	193,330				
	<u>21,652</u>	<u>89,414</u>	<u>9,982</u>	<u>193,330</u>	<u>774</u>					

AFI DEVELOPMENT PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 March 2014

20. FINANCIAL INSTRUMENTS (continued)

Carrying amounts and fair values (continued)

	Carrying amount			Fair value			
	Non-current liabilities	Current liabilities		Level 1	Level 2	Level 3	Total
Interest bearing loans and borrowings	Trade and other payables	Interest bearing loans and borrowings	Total				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 March 2014							
Financial liabilities not measured at fair value							
Interest bearing loans and borrowings	(580,696)	-	(231,967)				(851,470)
Trade and other payables	-	(31,339)	-				(31,339)
	(580,696)	(31,339)	(231,967)				
31 December 2013							
Financial liabilities not measured at fair value							
Interest bearing loans and borrowings	(778,909)	-	(27,027)				(834,466)
Trade and other payables	-	(72,095)	-				(72,095)
	(778,909)	(72,095)	(27,027)				

AFI DEVELOPMENT PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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21. **CONTINGENCIES**

There weren't any contingent liabilities as at 31 March 2014.

22. **FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

Russian business and economic environment

Looking ahead to the remainder of 2014, the Group's focus will remain on progressing further with its development projects and continually improving the performance of its current assets. At the same time, the Group is closely monitoring the rate of slowdown in the Russian economy and the geo-political developments in Ukraine to determine what impact, if any, these may have on the Russian real estate market.

23. **RELATED PARTIES**

	31/3/14 US\$ '000	31/12/13 US\$ '000
Outstanding balances with related parties		
<u>Assets</u>		
Amounts receivable from joint ventures	16	16
Amounts receivable from ultimate holding company	203	203
Amounts receivable from other related companies	11,802	12,780
Long term loan receivable from joint ventures	<u>21,175</u>	<u>21,438</u>
<u>Liabilities</u>		
Amounts payable to joint ventures	184	170
Amounts payable to ultimate holding company	434	435
Amounts payable to other related companies	3,197	3,483
Deferred income from related company	<u>244</u>	<u>266</u>
Transactions with the key management personnel		
	31/3/14 US\$ '000	31/3/13 US\$ '000
Key management personnel compensation Short-term employee benefits	2,000	848
Share option scheme expense	<u>1,220</u>	<u>1,191</u>
<p>Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The person is a member of the key management personnel of the entity or its parent (includes the immediate, intermediate or ultimate parent). Key management is not limited to directors; other members of the management team also may be key management.</p>		
Other related party transactions		
	31/3/14 US\$ '000	31/3/13 US\$ '000
Revenue		
Related companies – rental income	375	320
Joint venture – interest income	<u>548</u>	<u>643</u>
Expenses		
Ultimate holding company – operating expenses	122	99
Joint venture – operating expenses	<u>44</u>	<u>-</u>

AFI DEVELOPMENT PLC

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23. RELATED PARTIES (continued)

Other related party transactions	31/3/14 US\$ '000	31/3/13 US\$ '000
Construction services capitalised		
Related company – construction services	<u>152</u>	<u>889</u>

24. SUBSEQUENT EVENTS

There were no material events that took place after the three month period end until the date of the approval of these financial statements by the Board of Directors on 19 May 2014.