PJSC HALS-Development and subsidiaries

Interim condensed consolidated financial statements
(unaudited)

30 June 2016

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(unaudited)

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Report on review of interim condensed consolidated financial statements

To the shareholders of PJSC HALS-Development

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PJSC HALS-Development and its subsidiaries ("the Group"), comprising the interim condensed consolidated statement of financial position as at 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2 to the interim condensed consolidated financial statements which indicates that the Group incurred a net loss of RUR 1,385 million during the six-month period ended 30 June 2016 and, as at that date, the Group's negative net assets amounted to RUR 44,107 million. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Ernst & Young LLC

29 August 2016

Moscow, Russia

PJSC HALS-Development and subsidiaries

Interim condensed consolidated statement of comprehensive income

for the six-month period ended 30 June 2016

(Amounts in millions of Russian rubles, except for shares and loss per share amounts)

	Notes	2016 (unaudited)	2015 (unaudited)
Rental income	4	3,137	2,378
Property operating expense		(606)	(491)
Net rental income		**2,531**	**1,887**
Valuation losses on completed investment property	12	(1,078)	(3,222)
Valuation losses on investment property under construction	13	(1,204)	(10,678)
Valuation losses on investment property		**(2,282)**	**(13,900)**
Revenue from sales of inventory property	5	884	1,147
Cost of sales – inventory property	5, 17	(644)	(792)
Gross profit on sale of inventory property		**240**	**355**
Revenue from room charges and other hotel services	5	381	275
Cost of hotel services		(342)	(288)
Gross profit/(loss) on hotel services		**39**	**(13)**
Other sales	5	40	50
Cost of other sales		(5)	(3)
Gross profit on other sales		**35**	**47**
Administration and selling expenses	6	(872)	(937)
Other operating income	7	507	430
Other operating expenses	8	(477)	(314)
Operating loss		**(279)**	**(12,445)**
Finance income	9	1,894	1,722
Finance expenses	10	(2,975)	(2,944)
Share of loss of joint venture, net of tax	14	(100)	(445)
Foreign exchange gain/(loss)		446	(19)
Loss before tax		**(1,014)**	**(14,131)**
Income tax (expense)/benefit	11	(371)	2,291
Loss for the period		**(1,385)**	**(11,840)**
Total comprehensive loss for the period		**(1,385)**	**(11,840)**
Loss attributable to:			
Owners of the parent		(1,326)	(8,720)
Non-controlling interests in JSCs		(61)	(3,109)
Non-controlling participants in LLCs		2	(11)
		(1,385)	**(11,840)**
Weighted average number of common shares outstanding		11,211,534	11,211,534
Basic and diluted loss for the year per share, RUR		(118)	(778)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC HALS-Development and subsidiaries

Interim condensed consolidated statement of financial position

as at 30 June 2016

(Amounts in millions of Russian rubles)

	Notes	30 June 2016 (unaudited)	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	15	1,965	3,245
Completed investment property	12	43,499	44,456
Investment property under construction	13	12,802	13,092
Intangible assets	16	545	545
Available-for-sale financial assets	19	1,805	1,805
Investments in joint venture	14	294	394
Other non-financial assets	21	2,351	2,341
Deferred tax assets		2,322	2,154
		65,583	**68,032**
Current assets			
Inventory property with period of sale above the year	17	13,161	11,748
Inventory property with period of sale within the year	17	24,124	19,158
Trade and other receivables	18	831	733
VAT reimbursable		2,243	1,949
Other financial assets	18	6	6
Other non-financial assets	21	4,953	3,997
Cash and short-term deposits	20	19,692	19,761
		65,010	**57,352**
Total assets		**130,593**	**125,384**
Equity and liabilities			
Equity			
Issued share capital	22	567	567
Treasury shares	22	(1)	(1)
Additional paid-in capital		18,296	18,296
Accumulated losses		(61,041)	(54,816)
Total equity attributable to equity holders of the parent		**(42,179)**	**(35,954)**
Non-controlling interests in JSCs		(1,858)	(1,797)
Net assets attributable to non-controlling participants in LLCs		(70)	(72)
Total equity		**(44,107)**	**(37,823)**
Non-current liabilities			
Interest bearing loans and borrowings	23	94,643	92,510
Trade and other payables	24	332	314
Embedded financial derivatives	26	2,823	4,014
Tenants' guarantee deposits		637	620
Income tax payable		109	109
Other non-financial liabilities	25	3,570	1,969
Deferred tax liabilities		3,677	3,285
		105,791	**102,821**
Current liabilities			
Interest bearing loans and borrowings	23	29,781	26,639
Trade and other payables	24	4,059	4,352
Provisions		2	26
Current income tax payable		9	44
Other non-financial liabilities	25	35,058	29,325
		68,909	**60,386**
Total liabilities		**174,700**	**163,207**
Total equity and liabilities		**130,593**	**125,384**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

for the six-month period ended 30 June 2016

(Amounts in millions of Russian rubles)

	Issued capital	Treasury shares	Additional paid-in capital	Accumu-lated losses	Equity attributable to equity holders of the parent	Non-controlling interest in JSCs	Net assets attributable to non-controlling participants in LLCs	Total equity
At 1 January 2016	**567**	**(1)**	**18,296**	**(54,816)**	**(35,954)**	**(1,797)**	**(72)**	**(37,823)**
(Loss)/income for the period	–	–	–	(1,326)	**(1,326)**	(61)	2	**(1,385)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(1,326)**	**(1,326)**	**(61)**	**2**	**(1,385)**
Distribution to shareholder (Note 3)	–	–	–	(5,959)	**(5,959)**	–	–	**(5,959)**
Effect of loan modification (Note 23)	–	–	–	1,060	**1,060**	–	–	**1,060**
At 30 June 2016 (unaudited)	**567**	**(1)**	**18 296**	**(61,041)**	**(42,179)**	**(1,858)**	**(70)**	**(44,107)**

	Issued capital	Treasury shares	Additional paid-in capital	Accumu-lated losses	Equity attributable to equity holders of the parent	Non-controlling interest in JSCs	Net assets attributable to non-controlling participants in LLCs	Total equity
At 1 January 2015	**567**	**(1)**	**18,296**	**(47,032)**	**(28,170)**	**2,007**	**(36)**	**(26,199)**
Loss for the period	–	–	–	(8,720)	**(8,720)**	(3,109)	(11)	**(11,840)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(8,720)**	**(8,720)**	**(3,109)**	**(11)**	**(11,840)**
At 30 June 2015 (unaudited)	**567**	**(1)**	**18 296**	**(55,752)**	**(36,890)**	**(1,102)**	**(47)**	**(38,039)**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated cash flow statement

for the six-month period ended 30 June 2016

(Amounts in millions of Russian rubles)

	Notes	2016 (unaudited)	2015 (unaudited)
Operating activities			
Loss before tax		(1,014)	(14,131)
Adjustments to reconcile loss before tax to cash flows			
Changes in fair value of investment property	12, 13	2,282	13,900
Share of loss of joint venture	14	100	445
Depreciation	15	112	106
Impairment of property, plant and equipment	8, 15	139	35
Finance income	9	(1,894)	(1,722)
Finance expenses	10	2,975	2,944
Payables and other obligations write off	7	(137)	(20)
Profit on sale of assets classified as held for sale	7	–	(223)
Fines and penalties under civil contracts	7	(184)	(119)
Receivables and other assets write off	8	94	94
Recovery of receivables written-off in prior periods	7	(30)	(40)
Foreign exchange gain/(loss)		(446)	19
Cash flows before working capital changes		**1,997**	**1,288**
Change in trade and other receivables, VAT reimbursable and other non-financial assets		(721)	2,475
Change in inventory property		(4,750)	(1,836)
Change in trade, other payables and non-financial liabilities		6,806	2,167
Cash flow generated from operating activities		**3,332**	**4,094**
Income tax paid		(185)	(1,513)
Net cash flow generated from operating activities		**3,147**	**2,581**
Investing activities			
Repayment of receivables from disposal of ZAO RTI Estate		–	4
Acquisitions and advances paid for construction of investment property and property, plant and equipment		(1,365)	(2,489)
Interest received		1,037	1,134
Net cash flow used in investing activities		**(328)**	**(1,351)**
Financing activities			
Proceeds from loans and borrowings		833	–
Redemption of loans and borrowings		(3,036)	(568)
Interest paid		(596)	(231)
Repayment of finance lease liabilities		(29)	(15)
Net cash flow used in financing activities		**(2,828)**	**(814)**
Effects of foreign currency translation on cash and short-term deposits		(60)	(6)
Net (decrease)/increase in cash and short-term deposits		**(69)**	**410**
Cash and short-term deposits at 1 January	20	19,761	18,104
Cash and short-term deposits at 30 June	20	**19,692**	**18,514**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Corporate information

PJSC HALS-Development, formerly known as JSC Sistema-Hals, ("HALS-Development" or the "Company") and subsidiaries (together – the "Group") are engaged in real estate development, primarily focused on the "Class A" and "Class B" buildings of the Moscow office market, shopping centers, high-end housing, apartment buildings and land development. The Group's revenues are derived principally from the following activities:

- Sale of completed development projects, both commercial and residential, as well as the sale of land plots.
- Rental income from completed development projects; and
- Revenue from room charges and other hotel services.

In July 2015 JSC HALS-Development was renamed into PJSC HALS-Development in accordance with the legislative requirements.

The Group's operations are conducted in the Russian Federation (hereinafter referred to as "the RF") and the Commonwealth of Independent States ("the CIS"), primarily in Moscow, the Moscow Region, the Nizhniy Novgorod region, Sochi, Kiev and Saint-Petersburg. The majority of the Group entities are incorporated in the RF. The registered office is located at 35/4, B. Tatarskaya st., Moscow, Russia.

As at 30 June 2016 and 31 December 2015 PJSC VTB Bank ("VTB") owned 98.11% and 98.06% of the share capital of the Company, respectively. The ultimate controlling party of the Group is the state of Russian Federation, acting through the Federal Property Agency.

These interim condensed consolidated financial statements as at 30 June 2016 and for the six-month period then ended were authorised for issue by the President of the Company on 29 August 2016.

2. Basis of preparation and changes to the Group's accounting policies

The interim condensed consolidated financial statements for the six-month period ended 30 June 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

These interim condensed consolidated financial statements are presented in the Russian ruble ("RUR") and all values are rounded to the nearest million, except when otherwise indicated.

Going concern

As at 30 June 2016 the Group's negative net assets amounted to RUR 44,107 million (as at 31 December 2015: RUR 37,823 million) and the Group incurred a net loss of RUR 1,385 million for the six-month period ended 30 June 2016 (for the six-month period ended 30 June 2015: RUR 11,840 million).

2. Basis of preparation and changes to the Group's accounting policies (continued)

Going concern (continued)

The Group's ability to complete projects under development and fund its contractual commitments/co-investment contracts requires a significant amount of capital and liquidity.

Management of the Group has assessed its current strategic and operational intentions, future profitability of its operations based on the current market conditions, its cash requirements, and its ability to access financing and associated cost of such financing. Based on this assessment, management has taken the following actions:

- management assessed the Group's portfolio of projects and has prioritized those that it believes are more strategic to the Group, and suspended other activities in order to reduce its cash requirements;
- during 2015 and 2016 the Group actively raised funds from joint construction participants as prepayment for residential real estate sales and thereof financed significant part of residential real estate developments.

Management believes, based on the actions undertaken, that it will have adequate liquidity to continue to fund its liabilities and operations and continue as a going concern in the foreseeable future.

These conditions described above represent a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. In such case, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

These interim condensed consolidated financial statements have been prepared based on the assumption that the Group is able to continue its business as a going concern. The interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of these 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 2015, except for the adoption of new standards and interpretations effective as at 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

2. Basis of preparation and changes to the Group's accounting policies (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

The nature and the impact of each new standard or amendment is described below:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income (OCI). The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

2. Basis of preparation and changes to the Group's accounting policies (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual improvements 2012-2014 cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

2. Basis of preparation and changes to the Group's accounting policies (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

(Amounts in millions of Russian rubles, unless otherwise stated)

2. Basis of preparation and changes to the Group's accounting policies (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

3. Acquisition

In March 2016 the Group acquired a 100% interest in LLC Lira (Rostov-on-Don) which owns Sheraton Rostov-on-Don Hotel & Business Center, the business complex under construction comprising of Class A office building, hotel and private parking for the consideration of RUR 1.

The fair value of the identifiable assets and liabilities of LLC Lira as at the date of acquisition was:

	Fair value recognised on acquisition
Trade and other receivables	3
Interest bearing loans and borrowings	(5,903)
Trade and other payables	(59)
Net liabilities assumed at fair value	**(5,959)**

At the moment of acquisition, the fair value of the assets acquired approximated zero. Despite the legal form by substance this transaction was completed in the interests of the shareholder and, therefore, recognised as distribution to shareholder in equity.

4. Rental income

The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms between five and seven years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Rental income generated by SkyLight, Leto, CDM na Lubyanke, Danilovsky Fort, Hotel complex Pekin and other properties in the six-month period ended 30 June 2016 amounted to RUR 1,147 million, RUR 854 million, RUR 739 million, RUR 301 million, RUR 81 million and RUR 15 million, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

4. Rental income (continued)

Rental income generated by SkyLight, Leto, CDM na Lubyanke, Danilovsky Fort, Hotel complex Pekin and other properties in the six-month period ended 30 June 2015 amounted to RUR 956 million, RUR 744 million, RUR 232 million, RUR 298 million, RUR 101 million and RUR 47 million, respectively.

5. Revenue from sales of inventory property, from room charges and other hotel services and other sales

For the six-month period ended 30 June 2016 the Group recognized revenue from sales of inventory property relating to non-residential premises in a renovated historical building, which is a part of elite residential quarter Wine House in the amount of RUR 219 million and cost of sales in the amount of RUR 170 million, respectively.

For the six-month periods ended 30 June 2016 and 30 June 2015 the Group recognized revenue from sales of inventory property relating to non-residential premises of the project Kamelia in the amount of RUR 461 million and RUR 608 million, respectively, and cost of sales in the amount of RUR 334 million and RUR 485 million, respectively.

For the six-month periods ended 30 June 2016 and 30 June 2015 the Group recognized revenue from sales of inventory property relating to residential and non-residential premises of the project Literator in the amount of RUR 187 million and RUR 524 million, respectively, and cost of sales in the amount of RUR 126 million and RUR 302 million, respectively.

For the six-month periods ended 30 June 2016 and 30 June 2015 the Group recognized revenue from sales of inventory property relating to the project Solntse, the Nakhimovsky and Michurinsky projects in the amount of RUR 17 million and RUR 15 million, respectively, and cost of sales in the amount of RUR 14 million and RUR 5 million, respectively.

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Total area transferred to customers, thousand square meters	3.074	3.764
Parking lots transferred to customers, thousand square meters	0.939	0.721

Revenue from room charges and other hotel services for the the six-month periods ended 30 June 2016 and 30 June 2015 in the amount of RUR 256 million and RUR 167 million, respectively, is attributable to Hotel Swissotel Resort Sochi Kamelia and in the amount of RUR 125 million and RUR 108 million, respectively, is attributable to Hotel complex Pekin.

Other sales for the six-month periods ended 30 June 2016 and 30 June 2015 represent agency remuneration in the amount of RUR 40 million and RUR 50 million, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

6. Administration and selling expenses

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Staff cost	458	459
Advertising costs	239	236
Consulting and other professional services	49	41
Depreciation	26	35
Cost of computer software maintenance	19	21
Realtors service fees	16	91
Hotel room reservation system fees	11	6
Banking services	10	8
Repairs, maintenance and utilities	7	4
Communication services	4	5
Security expenses	3	2
Rent of premises and land	1	3
Other	29	26
	872	**937**

In the six-month periods ended 30 June 2016 and 30 June 2015 the Group incurred advertising costs related to promotion campaign of main projects and Hals branding.

7. Other operating income

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Fines and penalties under civil contracts	184	119
Payables and other obligations write off	137	20
Recovery of property tax	106	–
Recovery of receivables written-off in prior periods	30	40
Profit from sale of assets classified as held for sale	–	223
Other	50	28
	507	**430**

In the six-month periods ended 30 June 2016 and 30 June 2015 the Group recognized fines and penalties receivable for one of the Group’s counterparties’ non-fulfillment of obligations under construction contracts in the amount of RUR 132 million and RUR 80 million, respectively.

In the six-month period ended 30 June 2016 the Group recognized income in the amount of RUR 21 million from the application of preferential rate of property tax 0% instead of 2.2% in respect of parking lots and RUR 85 million from reduction of taxable cost of investment property. The revised tax returns for prior periods have been prepared by the Group and submitted to tax authorities.

(Amounts in millions of Russian rubles, unless otherwise stated)

8. Other operating expenses

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Taxes other than income tax	208	116
Impairment of property plant and equipment (Note 15)	139	35
Receivables and other assets write off	94	94
Other	36	69
	477	**314**

The Group wrote off VAT reimbursable, receivables from customers, other assets in the amount of RUR 81 million, RUR 7 million and RUR 6 million, respectively in the six-month period ended 30 June 2016 and RUR 37 million, RUR 57 million and RUR nil million, respectively, in the six-month period ended 30 June 2015.

9. Finance income

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Interest on bank deposits	1,007	1,161
Gain on financial instruments at fair value through profit or loss	887	561
	1,894	**1,722**

In the six-month period ended 30 June 2016 and 30 June 2015 gain on financial instruments at fair value through profit or loss in the amount of RUR 887 million and RUR 561 million, respectively, relates to embedded derivatives, which have been separated from the operating lease agreement.

10. Finance expenses

	The six-month period ended 30 June (unaudited)	
	2016	**2015**
Interest on bank loans and borrowings	3,940	3,982
Less: amounts capitalized	(1,006)	(1,059)
Interest on tenants' guarantee deposits	22	15
Finance lease expenses	19	6
Total	**2,975**	**2,944**

In the six-month period ended 30 June 2016 the Group capitalized interest on bank loans in investment property under construction, inventory property and property, plant and equipment in the amount of RUR 492 million, RUR 406 million and RUR 108 million, respectively.

In the six-month period ended 30 June 2015 the Group capitalized interest on bank loans in investment property under construction, inventory property and property, plant and equipment in the amount of RUR 549 million, RUR 457 million and RUR 53 million, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

11. Income tax (expense)/benefit

The Group calculates the period income tax (expense)/benefit using the tax rate that would be applicable to expected total annual earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The major components of income tax (expense)/benefit for the six-month periods ended 30 June 2016 and 30 June 2015 are:

	2016 (unaudited)	**2015 (unaudited)**
Income tax		
Current income tax expense	(149)	(38)
Deferred income tax (expense)/benefit relating to origination and reversal of temporary differences	(222)	2,059
Income tax provision	–	270
Income tax (expense)/benefit	**(371)**	**2,291**

12. Completed investment property

	2016 (unaudited)	**2015 (unaudited)**
At 1 January	**44,456**	**30,712**
Capital expenditure on owned property and other components capitalized	121	911
Transfer from investment property under construction (Note 13)	–	12,892
Fair value adjustment	(1,078)	(3,222)
At 30 June (unaudited)	**43,499**	**41,293**

The fair value of completed investment property has been determined on a market value basis in accordance with IFRS 13. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgment and not only relied on historical transactional comparables.

The valuations were performed by Group's internal valuer with a recognized and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

In determining the fair value of buildings, held primarily to earn rental income, totaling RUR 42,443 million, RUR 43,353 million, RUR 40,204 million and RUR 29,445 million as of 30 June 2016, 31 December 2015, 30 June 2015 and 1 January 2015, respectively, the income method was used.

In determining the fair value of land and buildings, held to benefit from capital appreciation over the long-term, totaling RUR 1,056 million, RUR 1,103 million, RUR 1,089 million and RUR 1,267 million as of 30 June 2016, 31 December 2015, 30 June 2015 and 1 January 2015, respectively, the comparative method was used.

In April 2015 CDM na Lubyanke with a book value of RUR 12,892 million was transferred from investment property under construction to completed investment property as the construction has been completed by the Group.

(Amounts in millions of Russian rubles, unless otherwise stated)

13. Investment property under construction

	2016 (unaudited)	2015 (unaudited)
At 1 January	**13,092**	**31,578**
Capital expenditure on owned property and other components capitalized	422	3,679
Interest capitalized (Note 10)	492	549
Transfer to completed investment property (Note 12)	–	(12,892)
Fair value adjustment	(1,204)	(10,678)
At 30 June (unaudited)	**12,802**	**12,236**

The fair value of investment property under construction has been determined on a market value basis in accordance with IFRS 13. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The valuations were performed by Group's internal valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

In determining the fair value of investment property under construction the income method was used.

14. Investments in joint venture

Investments in joint venture consisted of the following:

	Country of incorporation	Country of operation	Project	Voting and effective	30 June 2016 (unaudited)	31 December 2015
JSC Ekvivalent	Russia	Russia	Nevskaya Ratusha	50%	294	394
Total					**294**	**394**

JSC Ekvivalent is engaged in real estate development. The major project of the company is "Nevskaya Ratusha" – administrative, public and business complex in St. Petersburg.

	2016 (unaudited)	2015 (unaudited)
At 1 January	**394**	**898**
Share of loss of joint venture, net of tax, in the consolidated statement of comprehensive income	(100)	(445)
At 30 June (unaudited)	**294**	**453**

(Amounts in millions of Russian rubles, unless otherwise stated)

14. Investments in joint venture (continued)

Summarized financial information of the joint venture, based on its IFRS financial statements, is set out below:

	30 June 2016 (unaudited)	31 December 2015
Non-current assets	7,751	7,307
Current assets	11,388	10,814
Non-current liabilities	(3,328)	(2,462)
Current liabilities	(15,223)	(14,871)
Net assets	**588**	**788**
Proportion of the Group's ownership	50%	50%
Carrying amount of the investments	**294**	**394**

	The six-month period ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Loss for the period	(200)	(890)
Group's share of loss for the period	**(100)**	**(445)**

The Group has not incurred any contingent liabilities in relation to its interest in the joint venture, nor does the joint venture itself have any contingent liabilities for which the Group is contingently liable.

The Group has not entered into any capital commitments in relation to its interest in the joint venture.

15. Property, plant and equipment

	Buildings	Other	Construction in progress	Total
Cost				
1 January 2016	**7,736**	**718**	**1,192**	**9,646**
Additions	139	26	27	**192**
Disposals	–	(14)	–	**(14)**
Transfer to inventory property (Note 17)	–	–	(1,219)	**(1,219)**
30 June 2016 (unaudited)	**7,875**	**730**	**–**	**8,605**
Depreciation and impairment				
1 January 2016	**(6,043)**	**(358)**	**–**	**(6,401)**
Depreciation charge for the period	(33)	(79)	–	**(112)**
Impairment (Note 8)	(139)	–	–	**(139)**
Disposals	–	12	–	**12**
30 June 2016 (unaudited)	**(6,215)**	**(425)**	**–**	**(6,640)**
Net book value				
30 June 2016 (unaudited)	**1,660**	**305**	**–**	**1,965**
1 January 2016	**1,693**	**360**	**1,192**	**3,245**

(Amounts in millions of Russian rubles, unless otherwise stated)

15. Property, plant and equipment (continued)

	Buildings	Other	Construction in progress	Total
Cost				
1 January 2015	**7,500**	**660**	**1,020**	**9,180**
Additions	35	32	80	**147**
30 June 2015 (unaudited)	**7,535**	**692**	**1,100**	**9,327**
Depreciation and impairment				
1 January 2015	**(5,804)**	**(208)**	**–**	**(6,012)**
Depreciation charge for the period	(29)	(77)	–	**(106)**
Impairment (Note 8)	(35)	–	–	**(35)**
30 June 2015 (unaudited)	**(5,868)**	**(285)**	**–**	**(6,153)**
Net book value				
30 June 2015 (unaudited)	**1,667**	**407**	**1,100**	**3,174**
1 January 2015	**1,696**	**452**	**1,020**	**3,168**

In the six-month period ended 30 June 2016 construction in progress (the project IQ-quarter) in the amount of RUR 1,219 million was transferred from property, plant and equipment to inventory property as the Group has changed the concept of the project turning the hotel under construction into non-residential premises constructed for sale.

The amount of borrowing costs capitalised during the six-month periods ended 30 June 2016 and 30 June 2015 amounted to RUR 108 million and RUR 53 million, respectively (Note 10).

As at 30 June 2016 and 30 June 2015 the Group performed impairment test and determined the recoverable amount as value in use of Swissotel Resort Sochi Kamelia. As a result the Group recognised impairment loss in the amount of RUR 41 million and of RUR 35 million, respectively (which is included in other operating expenses) (Note 8).

The major events and circumstances that led to the recognition of impairment in the six-month periods ended 30 June 2016 and 30 June 2015:

- Additional costs incurred to meet customers' requirements.
- Reduction future cash flows from rental of hotel rooms in connection with the turn of market.

The significant assumptions made relating the estimation of Swissotel Resort Sochi Kamelia's value in use as at 30 June 2016 are set out below:

- discount rate (pretax) − 15% (as at 31 December 2015 and as at 30 June 2015 – 15%);
- period of hotel operation is from 2016 to 2018 in which it is planned to be sold (as at 31 December 2015: from 2016 to 2018 and as at 30 June 2015: from 2015 to 2018);
- capitalization rate − 12% (as at 31 December 2015 and as at 30 June 2015 – 12%).

As at 30 June 2016 the Group performed impairment test and determined the recoverable amount as value in use of Sheraton Rostov-on-Don Hotel. As a result the Group recognised impairment loss in the amount of RUR 98 million (Note 8).

The significant assumptions made relating the estimation of Sheraton Rostov-on-Don Hotel value in use as at 30 June 2016 are set out below:

- discount rate (pretax) − 16%;
- period of hotel operation is from 2017 to 2022 in which it is planned to be sold;
- capitalization rate − 12%.

(Amounts in millions of Russian rubles, unless otherwise stated)

16. Intangible assets

Intangible assets consisted of the following:

	Goodwill	Development rights	Other	Total
Cost				
1 January 2016	**92**	**675**	**5**	**772**
30 June 2016 (unaudited)	**92**	**675**	**5**	**772**
Depreciation and impairment				
1 January 2016	**–**	**(222)**	**(5)**	**(227)**
30 June 2016 (unaudited)	**–**	**(222)**	**(5)**	**(227)**
Net book value				
30 June 2016 (unaudited)	**92**	**453**	**–**	**545**
1 January 2016	**92**	**453**	**–**	**545**

	Goodwill	Development rights	Other	Total
Cost				
1 January 2015	**92**	**675**	**5**	**772**
30 June 2015 (unaudited)	**92**	**675**	**5**	**772**
Depreciation and impairment				
1 January 2015	**–**	**(222)**	**(5)**	**(227)**
30 June 2015 (unaudited)	**–**	**(222)**	**(5)**	**(227)**
Net book value				
30 June 2015 (unaudited)	**92**	**453**	**–**	**545**
1 January 2015	**92**	**453**	**–**	**545**

17. Inventory property

	2016 (unaudited)	2015 (unaudited)
At 1 January	**30,906**	**24,857**
Construction costs incurred	5,398	2,628
Interest capitalized	406	457
Transfer from property, plant and equipment (Note 15)	1,219	–
Property sold (Note 5)	(644)	(792)
At 30 June (unaudited)	**37,285**	**27,150**

During the six-month periods ended 30 June 2016 and 30 June 2015 the Group tested inventory property for recoverability. As a result of the test, in the six-month periods ended 30 June 2016 and 30 June 2015 the carrying amount of inventory property did not exceed its net realizable value.

In the six-month periods ended 30 June 2016 and 30 June 2015 the Group capitalized staff costs in inventory property in the amount of RUR 189 million and RUR 98 million, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

18. Trade receivables, other receivables and other financial assets

Current financial assets	30 June 2016 (unaudited)	31 December 2015
Trade receivables		
Trade receivable from third parties	311	179
	311	**179**
Other receivables		
Other receivable from third parties	519	521
Other receivable from related parties	1	33
	520	**554**
	831	**733**

Other current financial assets	30 June 2016 (unaudited)	31 December 2015
Loans receivable	6	6
	6	**6**

Trade and other receivables are neither past due nor impaired. The Group holds no collateral in respect of these receivables.

19. Available-for-sale financial assets

As at 30 June 2016 and 31 December 2015 available-for-sale financial assets in the total amount of RUR 1,805 million and RUR 1,805 million, respectively, included investments in unquoted interest in the charter capital.

20. Cash and short term deposits

	30 June 2016 (unaudited)	31 December 2015
Cash at bank and on hand	449	247
Short-term deposits	19,243	19,514
	19,692	**19,761**

As at 30 June 2016 cash and short-term deposits were deposited as follows: RUR 19,688 million in VTB Bank (31 December 2015: RUR 19,758 million), RUR 4 million in other banks (31 December 2015: RUR 3 million).

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The weighted average interest rate on demand deposits as at 30 June 2016 and 31 December 2015 was 10.02% and 11.7%, respectively.

As at 30 June 2016 VTB Bank has Ba1 credit rating assigned by the Moody’s credit rating agency (31 December 2015: Ba1).

(Amounts in millions of Russian rubles, unless otherwise stated)

21. Other non-financial assets

	30 June 2016 (unaudited)	31 December 2015
Other non-current		
Advances issued for construction of investment property	2,183	2,052
Advances issued for construction of property, plant and equipment	168	289
	2,351	**2,341**
Other current assets		
Advances issued for construction of inventory property with period of sale above the year	2,305	508
Advances issued for construction of inventory property with period of sale within the year	2,139	3,119
Advance payments for taxes	84	97
Other current non-financial assets	425	273
	4,953	**3,997**

22. Equity

As at 30 June 2016 and 31 December 2015 Company had 11,217,094 common shares issued and 11,211,534 shares outstanding. Nominal value of one share is equal to RUR 50.

The reconciliation of the beginning and closing balances of the number of shares authorized, issued and outstanding for the six-month periods ended 30 June 2016 and 30 June 2015 is as follows:

	Total shares authorised and issued	Treasury shares	Total shares authorised, issued and outstanding
	Thousands	Thousands	Thousands
As at 1 January 2016	**11,217**	**(5)**	**11,212**
As at 30 June 2016 (unaudited)	**11,217**	**(5)**	**11,212**
As at 1 January 2015	**11,217**	**(5)**	**11,212**
As at 30 June 2015 (unaudited)	**11,217**	**(5)**	**11,212**

(Amounts in millions of Russian rubles, unless otherwise stated)

23. Interest bearing loans and borrowings

	Interest rate %	Maturity	30 June 2016 (unaudited)	31 December 2015
Current interest-bearing loans from related parties				
VTB	9.5%	2020	7,021	6,832
VTB	9.61%	2015-2019	5,706	–
VTB	9.5%	2016	3,513	3,913
VTB	9.5%	2017	2,957	2,851
VTB	10.0%	2023	6,708	–
VTB	10.0%	2019	3,860	–
VTB	The rate of the Central Bank (RF) + 0.25%	2016	–	2,578
VTB	10.0%	2015	–	10,447
			29,765	**26,621**
Current interest-bearing loans and borrowings from third parties				
Other third parties	Various	Various	16	18
			16	**18**
Total current interest-bearing loans and borrowings			**29,781**	**26,639**
Non-current interest-bearing loans and borrowings from related parties				
VTB	9.5%	2021	38,883	37,634
VTB	9.5%	2017	29,490	28,751
VTB	9.5%	2020	14,219	13,730
VTB	9.5%	2022	4,695	4,525
VTB	9.5%	2026-2028	2,214	2,115
VTB	8.0%	2023	2,243	2,543
VTB	9.5%	2018	12	11
			91,756	**89,309**
Non-current interest-bearing loans and borrowings from third parties				
Emmomax International N.V.	8.15%	2018	2,887	3,201
			2,887	**3,201**
Total non-current interest-bearing loans and borrowings			**94,643**	**92,510**
Total interest-bearing loans and borrowings			**124,424**	**119,149**

The schedule of repayment of debt as at 30 June 2016 is as follows:

Year ended 30 June	
2017	28,193
2018	33,977
2021	14,795
2022	43,002
2024	2,243
2026	583
2027	192
2028	1,439
Total	**124,424**

23. Interest bearing loans and borrowings (continued)

In April 2014 the Group signed new credit facility agreement with VTB with a limit of RUR 1,477 million, the interest rate of 9.5% per annum for the purpose of financing the Peking Gardens project. The loan is to be repaid in October 2017. In July 2014 the Group agreed with VTB to increase the limit of credit agreement from RUR 1,477 million up to RUR 2,760 million. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in amount of RUR 2,391 million.

In April 2014 the Group signed new credit facility agreement with VTB with a limit of RUR 1,802 million, the interest rate of 9.5% per annum for the purpose of financing the reconstruction of Hotel complex Pekin. The loan is to be repaid in April 2018. In July 2014 the Group agreed with VTB to decrease the limit of credit agreement from RUR 1,802 million down to RUR 519 million. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in amount of RUR 11 million.

In May 2010 the Group signed credit facility agreement with VTB with a limit of RUR 557 million, the interest rate of 9.5% per annum and maturing in four years for the purpose of financing the CDM na Lubyanke project. In October 2010 the Group agreed with VTB to increase the limit of the credit agreement from RUR 557 million up to 5,780 million and prolong the repayment date of this facility from May 2014 to January 2019. In May 2014 the Group agreed with VTB to increase the limit of the credit agreement from RUR 5,780 million up to 9,710 million and prolong the repayment date of this facility from January 2019 to September 2021. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in amount of RUR 7,944 million. As of 30 June 2016 the Group lost its right to utilize the loan facility in respect of unused amount.

In June 2014 the Group signed new credit facility agreement with VTB with a limit of RUR 2,047 million, the interest rate of 9.5% per annum for the purpose of financing the Iskra-Park project. The loan is to be repaid in June 2021. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in amount of RUR 520 million. As of 30 June 2016 the Group lost its right to utilize the loan facility in respect of unused amount.

In March 2013 the Group signed new credit facility agreement with VTB with a limit of RUR 3,600 million, the interest rate of 9.5% per annum for the purpose of financing the Iskra-Park project. The loan is to be repaid in March 2022. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was fully utilized.

In March 2011 the Group signed new credit facility agreement with VTB with a limit of RUR 679 million, the interest rate of the Central Bank (RF) + 0.25% for the purpose of financing the Teatralny Dom project. The loan is to be repaid in March 2016. In August 2012 the Group agreed with VTB to increase the limit of the credit agreement from RUR 679 million up to 1,297 million. In April 2013 the Group agreed with VTB to increase the limit of the credit agreement from RUR 1,297 million up to 2,683 million. As of 31 December 2014, 30 June 2015 and 31 December 2015 the loan facility was utilized in the amount of RUR 2,101 million. During the six-month period ended 30 June 2016 the loan facility was fully repaid.

In September 2011 the Group signed new credit agreement with the limit of RUR 5,000 million and interest rate of 9.5% for the corporate purpose. The loan is to be repaid in December 2020. In July 2012 the Group agreed with VTB to increase the limit on the corporate credit facility up to RUR 6,200 million. In May 2013 the Group agreed with VTB to increase the limit on the corporate credit facility from RUR 6,200 million up to RUR 9,600 million which supposed to be used for current activity as well as project financing. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was fully utilized.

23. Interest bearing loans and borrowings (continued)

In May 2013 the Group signed new credit facility agreement with VTB with a limit of RUR 9,008 million, the interest rate of 10% per annum for the purpose of financing the project multifunctional complex IQ-quarter. The loan was to be repaid in November 2015. In December 2015 the Group agreed with VTB to prolong the repayment date of this facility to December 2023. The relevant additional agreement became effective on 17 February 2016, the date of it is being registered by the state authorities – Rosreestr. As a result of prolongation of loan facility the substantial modification of the terms of the existing liabilities occurred. It has been considered as an extinguishment of the original financial liabilities and the recognition of new financial liabilities. During the six-month ended 30 June 2016 the difference between the carrying amount of the financial liabilities extinguished and the fair value of the new financial liabilities in the amount of RUR 1,060 million has been recognised in equity. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in amount of RUR 5,893 million, RUR 5,893 million, RUR 6,054 million and RUR 6,887 million, respectively. Under the agreement, the Group undertakes to comply with certain covenants set by VTB, which, when breached, may entitle VTB to claim early repayment. As at 30 June 2016 several covenants stipulated by the agreement were breached, therefore, the obligations under the loan were recorded within short-term liabilities of the Group.

In December 2015 the Group agreed with VTB to prolong the maturity of loan facility for the purpose of financing the project multifunctional complex IQ-quarter the repayment date of this facility from November 2015 to March 2019 with a limit of RUR 3,882 million. The relevant additional agreement became effective on 17 February 2016, the date of it is being registered by the state authorities – Rosreestr. Under the agreement, the Group undertakes to comply with certain covenants set by VTB, which, when breached, may entitle VTB to claim early repayment.

As at 30 June 2016 several covenants stipulated by the agreement were breached, therefore, the obligations under the loan were recorded within short-term liabilities of the Group.

In December 2013 the Group signed new credit facility agreement with VTB with a limit of RUR 1,755 million, the interest rate of 9,5% per annum for the Nasledie project. The loan is to be repaid in March 2016. As of 31 December 2014, 30 June 2015 and 31 December 2015 the loan facility was utilized in the amount of RUR 1,542 million. During the six-month period ended 30 June 2016 the loan facility was fully repaid.

In 2008 the Group entered into a loan facility agreement with VTB for up to RUR 4,000 million at 9.5% per annum maturing in 2020. As of 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016 the loan facility was utilized in full. Under the agreement, the Group undertakes to comply with certain covenants set by VTB, which, when breached, may entitle VTB to claim early repayment. As at 30 June 2016 and 31 December 2015 several covenants stipulated by the agreement were breached, therefore, the obligations under the loan were recorded within short-term liabilities of the Group.

In March 2016 the Group acquired a company LLC Lira (Note 3). The company has a credit facility agreement with VTB with a limit of USD 81 million, the interest rate of 9.61% per annum for the purpose of financing the project Sheraton Rostov-on-Don Hotel & Business Center. The loan is to be finally repaid in July 2019. In June 2016 the Group agreed with VTB conversion of the limit of credit agreement in Russian Roubles. The limit of credit agreement due to the conversion is RUR 5,273 million. As of 30 June 2016 the loan facility was fully utilized. Under the agreement, the Group undertakes to comply with certain covenants set by VTB, which, when breached, may entitle VTB to claim early repayment. As at 30 June 2016 several covenants stipulated by the agreement were breached, therefore, the obligations under the loan were recorded within short-term liabilities of the Group.

(Amounts in millions of Russian rubles, unless otherwise stated)

24. Trade and other payables

	30 June 2016 (unaudited)	31 December 2015
Current financial liability		
Trade payables		
Guarantee retentions	1,508	1,454
Other trade payable to third parties	944	1,144
	2,452	**2,598**
Other payables		
Payable to employees	237	91
Taxes payable	821	1,061
Other payable to third parties	530	583
Financial lease obligations	19	19
	1,607	**1,754**
	4,059	**4,352**
Non-current financial liability		
Trade payables		
Guarantee retentions	102	73
	102	**73**
Other payables		
Financial lease obligations	230	241
	230	**241**
	332	**314**

Guarantee retentions represent amounts received by the constructors and held by the Group till the construction of the Group's development projects is complete and all constructors' obligations in respect to the constructions are settled.

25. Other non-financial liabilities

	30 June 2016 (unaudited)	31 December 2015
Non-current		
Advances from Iskra	1,400	1,400
Advances from customers	2,069	441
Deferred rent income	101	128
	3,570	**1,969**
Current liability		
Advances from customers with period of settlement above the year	7,137	5,326
Advances from state authority with period of settlement above the year	1,659	1,659
Advances from customers with period of settlement within the year	26,262	22,340
	35,058	**29,325**

(Amounts in millions of Russian rubles, unless otherwise stated)

26. Embedded financial derivatives

In 2013 the Group signed long-term lease agreements with tenants with payments set in currency other than the functional currency of the both parties of the contracts. Those agreements provide a corridor of USD/RUR and EUR/RUR x-rates for the payments which are made by lessees in Russian rubles which means foreign currency derivative embedded in the lease agreement.

The fair value of the embedded derivatives recognized as at 30 June 2016 and 31 December 2015 amounted to RUR 2,823 million and RUR 4,014 million, respectively.

27. Fair values of financial assets and financial liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

	Carrying amount		**Fair value**	
	30 June 2016 (unaudited)	**31 December 2015**	**30 June 2016 (unaudited)**	**31 December 2015**
Financial assets				
Available-for-sale financial assets	1,805	1,805	1,805	1,805
Trade and other receivables	831	733	831	733
Loans and notes receivable	6	6	6	6
Cash and short-term deposits	19,692	19,761	19,692	19,761
	22,334	**22,305**	**22,334**	**22,305**
Financial liabilities				
Interest-bearing loans and borrowings:				
Floating rate borrowings	–	(2,578)	–	(2,578)
Fixed rate borrowings	(124,424)	(116,571)	(113,096)	(104,450)
Trade and other payables	(4,391)	(4,666)	(4,391)	(4,666)
Embedded financial derivatives	(2,823)	(4,014)	(2,823)	(4,014)
Tenants' guarantee deposits	(637)	(620)	(637)	(620)
	(132,275)	**(128,449)**	**(120,947)**	**(116,328)**

The fair value of fixed rate borrowings is estimated by discounting future cash flows using rates currently available for debts on similar terms (as at 30 June 2016 and 31 December 2015 approximate 9.5%) and remaining maturities. The carrying values of fixed rate loans and borrowings as at 30 June 2016 and 31 December 2015 are accounted for at amortized cost.

The fair values of other financial assets and liabilities approximate their carrying amounts.

(Amounts in millions of Russian rubles, unless otherwise stated)

28. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2016:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Financial assets					
Available-for-sale financial assets	30 June 2016 (unaudited)	**1,805**	–	–	1,805
Investment properties					
Completed investment property (Note 12)	30 June 2016 (unaudited)	**43,499**	–	–	43,499
Investment property under construction (Note 13)	30 June 2016 (unaudited)	**12,802**	–	–	12,802
Liabilities measured at fair value					
Financial liabilities at fair value through profit or loss					
Embedded financial derivatives (Note 26)	30 June 2016 (unaudited)	**2,823**	–	–	2,823
Liabilities for which fair values are disclosed (Note 27)					
Interest bearing loans and borrowings	30 June 2016 (unaudited)	**113,096**	–	–	113,096

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2015:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Financial assets					
Available-for-sale financial assets	31 December 2015	**1,805**	–	–	1,805
Investment properties					
Completed investment property (Note 12)	31 December 2015	**44,456**	–	–	44,456
Investment property under construction (Note 13)	31 December 2015	**13,092**	–	–	13,092
Liabilities measured at fair value					
Financial liabilities at fair value through profit or loss					
Embedded financial derivatives (Note 26)	31 December 2015	**4,014**	–	–	4,014
Liabilities for which fair values are disclosed (Note 27)					
Interest bearing loans and borrowings	31 December 2015	**107,028**	–	–	107,028

(Amounts in millions of Russian rubles, unless otherwise stated)

28. Fair value measurement (continued)

Description of significant unobservable inputs to valuation as at 30 June 2016:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Investment properties and assets classified as held for sale				
Completed investment property	DCF Method	Discount rate	14.0%-15.5% (14.8%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,183) mln. and RUR 1,244 mln, respectively.
Completed investment property	DCF Method	Average annual rental rate indexation	4.7%-5.0% (4.9%)	3% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 3,684 mln and RUR (3,189) mln, respectively.
Completed investment property	DCF Method	Terminal capitalization rate	10.0%-13.0% (11.6%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,617) mln and RUR 1,943 mln, respectively.
Investment property under construction	DCF Method	Discount rate	14.8%-17.3% (16.0%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,060) mln and RUR 1,126 mln, respectively.
Investment property under construction	DCF Method	Average annual rental rate indexation	4.6%-4.7% (4.6%)	3% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 5,251 mln and RUR (4,502) mln, respectively.
Investment property under construction	DCF Method	Terminal capitalization rate	11.0%-11.5% (11.3%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,325) mln and RUR 1,585 mln, respectively.
Available-for-sale financial assets				
Equity investments	Comparative method	Sale price for land plots held by investee	0.2-0.892	10% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 588 mln and RUR (588) mln, respectively.
Embedded financial derivatives				
Foreign currency derivatives embedded in lease agreements	Black-Scholes Option Pricing model	USD-rate	64.26 RUR/USD	40% increase / 13% (decrease) in the basis points would result in increase/(decrease) in fair value by RUR 2,369 mln and RUR 0 mln, respectively.
Foreign currency derivatives embedded in lease agreements	Black-Scholes Option Pricing model	EUR-rate	71.21 RUR/EUR	43% increase / 15% (decrease) in the basis points would result in increase/(decrease) in fair value by RUR 215 mln and RUR (72) mln, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

28. Fair value measurement (continued)

Description of significant unobservable inputs to valuation as at 31 December 2015:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Investment properties and assets classified as held for sale				
Completed investment property	DCF Method	Discount rate	14.0%-15.5% (14.8%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,248) mln and RUR 1,318 mln, respectively.
Completed investment property	DCF Method	Average annual rental rate indexation	4.3%-4.5% (4.4%)	3% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 3,639 mln and RUR (3,160) mln, respectively.
Completed investment property	DCF Method	Terminal capitalization rate	10.0%-13.0% (11.8%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,516) mln and RUR 1,818 mln, respectively.
Investment property under construction	DCF Method	Discount rate	14.5%-17.8% (16.1%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,034) mln and RUR 1,098 mln, respectively.
Investment property under construction	DCF Method	Average annual rental rate indexation	4.4%-4.4% (4.4%)	3% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 4,482 mln and RUR (3,909) mln, respectively.
Investment property under construction	DCF Method	Terminal capitalization rate	11.0%-12.0% (11.5%)	1% increase/(decrease) in the basis points would result in (decrease)/increase in fair value by RUR (1,385) mln and RUR 1,653 mln, respectively.
Available-for-sale financial assets				
Equity investments	Comparative method	Sale price for land plots held by investee	0.2-0.892	10% increase/(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 588 mln and RUR (588) mln, respectively.
Embedded financial derivatives				
Foreign currency derivatives embedded in lease agreements	Black-Scholes Option Pricing model	USD-rate	72.88 RUR/USD	40.0% increase / 13.0%(decrease) in the basis points would result in increase/(decrease) in fair value by RUR 2,616 mln and RUR (845) mln, respectively.
Foreign currency derivatives embedded in lease agreements	Black-Scholes Option Pricing model	EUR-rate	79.70 RUR/EUR	43.0% increase / 15.0% (decrease) in the basis points would result in increase/(decrease) in fair value by RUR 505 mln and RUR (170) mln, respectively.

(Amounts in millions of Russian rubles, unless otherwise stated)

29. Transactions with related parties

The following table provides the details of transactions that have been entered into with related parties for the relevant six-month period ended 30 June:

Transactions with related parties	**2016 (unaudited)**	**2015 (unaudited)**
Interest on borrowings to shareholder		
Interest on borrowings payable to VTB	3,889	3,924
	3,889	**3,924**
Interest income from shareholder		
Interest income from VTB	1,007	1,161
	1,007	**1,161**
	30 June 2016 (unaudited)	**31 December 2015**
Amounts due from shareholder		
Cash and short-term deposits in VTB	19,688	19,758
Trade and other receivables from VTB	1	33
	19,689	**19,791**
Amounts due to shareholder		
Loans and borrowings from VTB	121,521	115,930
	121,521	**115,930**

Major related parties with whom transactions and outstanding balances have been during the period are as follows:

- parent of the Group – VTB.

Group pledged collateral for loans received from VTB as disclosed in Note 31.

Related party transactions are on terms equivalent to arm's length transactions, except for transactions disclosed in Note 23.

Compensation of key management personnel of the Group for the six-month periods ended 30 June:

	2016 (unaudited)	**2015 (unaudited)**
Short-term employee benefits	70	162
Other long-term benefits	11	26

(Amounts in millions of Russian rubles, unless otherwise stated)

30. Segment information

For management purposes, the Group is organised into operating segments based on nature of property and has six reportable segments in the six-month period ended 30 June 2016:

- real estate held for sale – ready for use by the buyer (the project Nahimovsky, the project Michurinsky, the project Solntse, the project Literator, the project Kamelia (apartments), the project Wine House (renovation));
- real estate held for sale – under construction (the project Peking Gardens, the project Wine House (construction), the project Nasledie, the project Tetralny Dom, the project IQ-quarter (apartments), the project Iskra-Park (apartments));
- investment property – under construction (the major projects – IQ-quarter, Iskra-Park);
- investment property – submitted to the operating lease (the project Danilovsky Fort, the project Leto, the project SkyLight, CDM na Lubyanke);
- hospitality – under construction (the project Sheraton Rostov-on-Don Hotel);
- hospitality – rented apartments (Hotel complex Pekin, hotel Swissotel Resort Sochi Kamelia).

Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating results as defined below. This performance indicator is measured on a basis that differ from the IFRS consolidated financial statements as IFRS consolidated financial statements are prepared on accrual basis, and management accounts are prepared on cash basis.

The following tables present measures of segment revenues and segment results on management accounts in accordance with IFRS 8 and a reconciliation of revenue and segment result used by management for decision making and revenue and loss before tax per the consolidated financial statements prepared under IFRS:

The six-month period ended 30 June 2016

	Real estate held for sale		Investment property		Hospitality		
	Ready for use by the buyer	Under construction	Under construction	Submitted to the operating lease	Under construction	Rented apartments	Total
Segment revenue	638	5,872	–	5,027	–	508	12,045
Accrual vrs. cash basis	–	–	–	–	–	–	(7,603)
Revenue per IFRS consolidated financial statements*	–	–	–	–	–	–	4,442

	Real estate held for sale		Investment property		Hospitality		
	Ready for use by the buyer	Under construction	Under construction	Submitted to the operating lease	Under construction	Rented apartments	Total
Segment result	394	(2,966)	(146)	3,092	(17)	(330)	27
Accrual vrs. cash basis	–	–	–	–	–	–	(1,041)
Loss before tax per IFRS consolidated financial statements**	–	–	–	–	–	–	(1,014)

(Amounts in millions of Russian rubles, unless otherwise stated)

30. Segment information (continued)

The six-month period ended 30 June 2015

	Real estate held for sale		Investment property		Hospitality		
	Ready for use by the buyer	Under construc-tion	Under construc-tion	Submitted to the operating lease	Under construc-tion	Rented apart-ments	Total
Segment revenue	**972**	**4,563**	**–**	**3,498**	**–**	**340**	**9,373**
Accrual vrs. cash basis	–	–	–	–	–	–	**(5,523)**
Revenue per IFRS consolidated financial statements*	**–**	**–**	**–**	**–**	**–**	**–**	**3,850**

	Real estate held for sale		Investment property		Hospitality		
	Ready for use by the buyer	Under construc-tion	Under construc-tion	Submitted to the operating lease	Under construc-tion	Rented apart-ments	Total
Segment result	**(631)**	**1,616**	**(200)**	**10**	**(14)**	**(316)**	**465**
Accrual vrs. cash basis	–	–	–	–	–	–	**(14,596)**
Loss before tax per IFRS consolidated financial statements**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,131)**

* Includes rental income, sales assets classified as held for sale, sales of inventory property, revenue from room charges and other hotel services and other sales per the consolidated statement of comprehensive income.

** Including valuation losses on investment property, reversal (write down) of inventory property to net realizable value and other adjustments.

31. Guarantees and pledges

Warranties and guarantees of work performed – The Group is contractually responsible for the quality of construction works performed subsequent to the date at which the relevant object was handed over, generally for a period up to 2 years subsequent to handover. Based upon prior experience with warranty claims, which have not been significant, no provisions have been recorded in the Group's consolidated financial statements in relation to warranties and guarantees for work performed.

(Amounts in millions of Russian rubles, unless otherwise stated)

31. Guarantees and pledges (continued)

Pledges – As at 30 June 2016 and 31 December 2015 common shares of the Group's entities have been pledged as follows:

Group's company	Projects	Number of shares pledged	Number of shares pledged as a percentage of total shares
JSC Lubyanka-Development	CDM na Lubyanke	22,004,320	100%
OJSC Sistema-Temp	Bol`shaya Tatarskaya, 35	4,680,000	100%
OJSC Beiging-Invest	Peking Gardens	1,500	100%
CJSC EZNCh	Literator	100	100%
CJSC Kuntsevo-Invest	Solntse	5,000	100%
CJSC Hals-Tehnopark	Teatralny Dom	3,782,000	100%
CJSC StroyPromOb'ekt	Teatralny Dom	10,000	100%
CJSC Ekvivalent	Nevskaja ratusha	500	50%
CiTer Invest B.V.	IQ-quarter	101	50%+1 share
CJSC Biznespark Novaja Riga	Wine House	100	100%
CJSC Pansionat Kamelia	Kamelia	13,000	100%
OJSC IRT	Nasledie	100	100%
OJSC GOK Pekin	Hotel complex Pekin	353,210	100%

As of 30 June 2016 and 31 December 2015 the Group pledged a 100% interest in its subsidiary LLC Iskra Park under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 3,600 million and RUR 3,600 million, respectively.

As of 31 December 2015 the Group pledged a 100% shares of Gurdon Management Limited under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 3,600 million.

As of 30 June 2016 the Group pledged a 100% interest in its subsidiary LLC Lira, under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 5,273 million.

As of 30 June 2016 and 31 December 2015 the Group pledged CDM na Lubyanke (investment property under construction) with a carrying amount of RUR 14,312 million and RUR 14,815 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 7,435 million and RUR 7,435 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged Danilovskiy Fort (investment property) with a carrying amount of RUR 4,079 and RUR 4,145 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 18,508 million and RUR 18,508 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged Leto (completed investment property) with a carrying amount of RUR 8,922 million and RUR 9,021 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 1,979 million and RUR 1,979 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged the office building on B.Tatarskaya street (property, plant and equipment) with a carrying amount of RUR 149 million and RUR 152 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 1,979 million and RUR 1,979 million, respectively.

31. Guarantees and pledges (continued)

As of 30 June 2016 and 31 December 2015 the Group pledged the project IQ-quarter (investment property under construction, inventory property and property, plant and equipment) with a carrying amount of RUR 9,777, RUR 3,325 and RUR 0 million, respectively, and RUR 10,161, RUR 1,968 and RUR 1,192 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 10,530 million and RUR 9,698 million respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged the project Kamelia (property, plant and equipment and inventory property) with a carrying amount of RUR nill million and RUR 134 million, respectively, and RUR nill and RUR 468 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 2,166 million and RUR 2,674 million respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged Wine house (inventory property) with a carrying amount of RUR 6,574 million and RUR 5,259 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 343 million and RUR 343 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged the project Iskra-Park (investment property under construction and inventory property) with a carrying amount of RUR 3,025 million and RUR 2,289 million, respectively, and RUR 2,931 million and RUR 2,103 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 486 million and RUR 486 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged the project Peking Gardens (inventory property) with a carrying amount of RUR 7,124 million and RUR 5,751 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 910 million and RUR 910 million, respectively.

As of 30 June 2016 and 31 December 2015 the Group pledged the project Hotel complex Peking (completed investment property and property, plant and equipment) with a carrying amount of RUR 1,159 million and RUR 1,511 million, respectively, and RUR 1,224 million and RUR 1,541 million, respectively, as security under the credit line from VTB (principal amount without interest accrued) in the amount of RUR 11 million and RUR 11 million, respectively.

32. Commitments and contingencies

Taxation

Possible liabilities identified by the management as of 30 June 2015 as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these interim condensed consolidated financial statement could be approximately RUR 2,556 million.

Commitments under construction contracts

The Group has entered into agreements with third parties for construction of objects which will require capital outlays subsequent as at 30 June 2016. A summary of significant commitments under construction contracts (including VAT) is provided below:

CDM na Lubyanke – The Group entered contractual agreements for reconstruction works under the project. Commitments under the contract amounted to RUR 240 million and RUR 340 million as at 30 June 2016 and 31 December 2015, respectively.

32. Commitments and contingencies (continued)

Commitments under construction contracts (continued)

Kamelia – The Group entered contractual agreements for construction of hotel complex in Sochi. Commitments under these contracts amounted to RUR 606 million and RUR 652 million as at 30 June 2016 and 31 December 2015, respectively.

Hotel Pekin and Peking Gardens – The Group entered contractual agreements for the restoration of adaption to modern requirements of the Hotel complex Pekin and integrated development of the adjacent territory. Commitments under these contracts amounted to RUR 1,899 million and RUR 2,568 million as at 30 June 2016 and 31 December 2015, respectively.

IQ-quarter – The Group entered contractual agreements for construction of multifunctional complex IQ-quarter in Moscow-City. Commitments under these contracts amounted to RUR 6,312 million and RUR 7,385 million as at 30 June 2016 and 31 December 2015, respectively.

Literator – The Group entered contractual agreements for construction of residential house in Moscow. Commitments under these contracts amounted to RUR 116 million and RUR 134 million as at 30 June 2016 and 31 December 2015, respectively.

Wine House – The Group entered contractual agreements for construction of residential house in Moscow. Commitments under these contracts amounted to RUR 1,388 million and RUR 2,422 million as at 30 June 2016 and 31 December 2015, respectively.

Nasledie – The Group entered contractual agreements for construction of residential house in Moscow. Commitments under these contracts amounted to RUR 6,639 million and RUR 7,763 million as at 30 June 2016 and 31 December 2015, respectively.

Teatralny Dom – The Group entered contractual agreements for construction of residential house in Moscow. Commitments under these contracts amounted to RUR 2,719 million and RUR 2,040 million as at 30 June 2016 and 31 December 2015, respectively.

Leto – The Group entered contractual agreements for construction of shopping and entertainment complex “Leto” in S.Peterburg. Commitments under these contracts amounted to RUR nil million and RUR 42 million as at 30 June 2016 and 31 December 2015, respectively.

Iskra-Park – The Group entered contractual agreements for construction of the complex of apartments and offices with private parking and own infrastructure. Commitments under these contracts amounted to RUR 18,022 million and RUR 18,662 million as at 30 June 2016 and 31 December 2015, respectively.

Dostoyanie – The Group entered into contractual agreements for construction of complex of residential houses in Moscow. Commitments under these contracts amounted to RUR 6,247 million as at 30 June 2016.