

THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE RUSSIAN FEDERATION, THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN

26 November 2019

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

RESULTS FOR THE NINE MONTHS TO 30 SEPTEMBER 2019

Pace of residential sales affected by challenging market conditions

AFI Development, a leading real estate company focused on developing property in Russia, today announces its financial results for the six months ended 30 September 2019.

9M 2019 financial highlights

- **Revenue** for 9M 2019 totalled US\$254.4 million, including proceeds from the sale of trading properties:
 - Rental and hotel operating income up marginally to US\$94.9 million, including AFIMALL City contribution of US\$67.3 million
 - Sale of residential properties contributed US\$156.5 million to total revenue
- **Gross profit** for the 9-month period was US\$138.1 million
- **Net profit** for 9M 2019 amounted to US\$77.1 million
- **Total gross value of portfolio of properties** stood at US\$1.25 billion, broadly unchanged since the end of H1 2019
- **Cash, cash equivalents and marketable securities** as of 30 September 2019 amounted to US\$109.6 million

9M 2019 operational highlights

- Following the delivery of Building 6 at **Odinburg** in May 2019, the Company recently completed the transfer of pre-sold apartments to customers. The construction and presale of apartments in Building 3 (Phase I) and Building 3 (Phase II) are also underway. As of 18 November 2019, the number of signed sale contracts stood at 810 (88% of total) in Building 3 (Phase I), 150 (11% of total) in Building 3 (Phase II) and 217 (97% of total) in Building 6
- At **AFI Residence Paveletskaya**, Phase II was delivered in May 2019 and the transfer of apartments is now complete. The construction and presale of apartments in Phase III continue. As of 18 November 2019, 625 contracts for the sales and presales of apartments and "special units" had been signed (78% of

Phase I, Phase II and Phase III combined)

- At **Bolshaya Pochtovaya**, construction and marketing of the project are progressing to plan. As of 18 November 2019, 347 apartments (55% of Phases I, II and III combined) had been pre-sold to customers
- Phase I **Botanic Garden** was state-commissioned in September 2019, and transfer of apartments is now ongoing. The construction of Phase II continues as planned. As of 18 November 2019, 434 apartments (54% of Phase I) had been sold or pre-sold to customers
- Construction works at **Tverskaya Plaza Ic** and **Tverskaya Plaza IV** are ongoing. Both properties are located near the Belorussky railway station in a dynamic and well-developed office district
- At **AFIMALL City**, the net operating income ('NOI') for 9M 2019 was US\$52.1 million

Commenting on today's announcement, Eli Avrahampour, Chairman of AFI Development, said:

"I report that, despite a slowdown in residential sales in the third quarter, we delivered another solid set of results for the first nine months of 2019.

The positive momentum in our revenues and gross profit is largely attributable to the recognition of residential pre-sales and the stable performance of the yielding portfolio.

Looking ahead, the pace of sales across our residential portfolio remains subject to volatile market conditions with continuing uncertainty around the outlook for the Russian economy and, in turn, its real estate sector."

9M 2019 Results Conference Call:

AFI Development will hold a conference call for analysts and investors to discuss its 9M 2019 financial results on Wednesday, 27 November 2019.

Details for the conference call are as follows:

Date:	Wednesday, 27 November 2019
Time:	2pm GMT (5pm Moscow)
Dial-in Tel:	International: +44 (0)20 3003 2666
	UK toll free: 0808 109 0700
Password:	AFI Development

To take part in the conference call, please dial in approximately 5 minutes before the start of the event.

Prior to the conference call, the 9M 2019 Investor Presentation of AFI Development will be published on the Company website at <http://www.afi-development.com/en/investor-relations/reports-presentations> on 27 November 2019 by 10am GMT (1pm Moscow time).

- ends -

For further information, please contact:

AFI Development, +7 495 796 9988

Ilya Kutnov, Corporate Affairs/Investments Director (Responsible for arranging the release of this announcement)

Citigate Dewe Rogerson, London +44 20 7638 9571

Sandra Novakov

Lucy Eyles

This announcement contains inside information.

About AFI Development

Established in 2001, AFI Development is one of the leading real estate development companies operating in Russia.

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 the 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's statement

While our 9M 2019 performance is satisfactory in general, the pace of our residential sales in the third quarter was somewhat slower than in the half of the year. Our residential revenue in Q3 2019 was US\$39.8 million, compared to US\$62.5 million in Q1 and US\$54.1 million in Q2. We explain this mainly by increasing competition in the residential sector.

Sales at our Odinburg and Botanic Garden projects, in particular, were affected by more intense competition in their respective locations. However, bringing the development of our key residential projects (Odinburg, AFI Residence Paveletskaya, Bolshaya Pochtovaya and Botanic Garden) near completion allowed us to recognise revenues of US\$254.4 million and a gross profit of US\$138.1 million.

Rental and hotel operating income was broadly unchanged year-on-year at US\$94.9 million (9M 2018: US\$93.9 million).

Projects update

AFIMALL City

Occupancy at the end of the third quarter increased marginally to 91% with the NOI for the 9M 2019 period at US\$52.1 million.

Odinburg

At the Odinburg residential development, Building 6 (Phase II) was state-commissioned in May 2019 and the delivery of its presold apartments to customers is now complete. Construction works remain underway at Building 3 (Phase I) and Building 3 (Phase II). As of 18 November 2019, the number of signed sale contracts stood at 810 (88% of total) in Building 3 (Phase I), 150 (11% of total) in Building 3 (Phase II) and 217 (97% of total) in Building 6.

AFI Residence Paveletskaya

Phase II of the development was state-commissioned in May 2019 and the transfer of apartments to customers is now complete. The focus in construction and presale of apartments is now on Phase III of the development. As of 18 November 2019, 625 contracts for the sales and presales of apartments and “special units” had been signed (78% of Phase I, Phase II and Phase III combined).

Bolshaya Pochtovaya

The presales and marketing are ongoing in all three phases of the project. As of 18 November 2019, 347 apartments (55% of Phases I, II and III combined) had been pre-sold to customers.

Botanic Garden

In September 2019 the Company successfully state-commissioned Phase I of the development, and transfer of pre-sold apartments to customers is ongoing. As of 18 November 2019, 434 apartments (54% of Phase I) had been pre-sold to customers.

Cash Offers by Flotonic Limited for AFI Development

Cash offers for AFI Development by its controlling shareholder, Flotonic Limited, were announced on 25 October 2019 and the offer document was published on 19 November 2019. For details please refer to the offer document which can be located on the Company’s website at <https://www.afi-development.com/en/>

Elias Ebrahimpour (Eli Avrahampour)
Chairman of the Board

NOT REVIEWED BY AUDITORS

SUMMARY OF FINANCIAL RESULTS

For the period from 1 January 2019 to 30 September 2019

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the period from 1 January 2019 to 30 September 2019

	Note	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Revenue	2	254,362	207,100
Other income		2,854	2,150
Operating expenses	3	(43,490)	(44,211)
Cost of sales of trading properties	10,11	(72,031)	(84,909)
Administrative expenses	4	(2,426)	(4,031)
Other expenses		(1,190)	(4,006)
Total expenses		(119,137)	(137,157)
Gross Profit		138,079	72,093
Profit on sale of investment property	7	10,220	-
Decrease in fair value of properties	7,8	(24,294)	62,257
Results from operating activities		124,005	134,350
Finance income		23,939	12,830
Finance costs		(30,415)	(26,512)
Net finance (costs)/income	5	(6,476)	(13,682)
Profit before tax		117,529	120,668
Tax (expense)/benefit	6	(40,448)	(24,070)
Profit for the period		77,081	96,598
Profit attributable to:			
Owners of the Company		76,901	96,541
Non-controlling interests		180	57
		77,081	96,598
Earnings per share			
Basic and diluted earnings per share (cent)		7.34	9.21

The unaudited summary of financial results was approved by the Board of Directors on 25 November 2019.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2019

	Note	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Assets			
Investment property	7	705,140	742,590
Investment property under development	8	145,840	141,880
Property, plant and equipment	9	71,366	67,868
Long-term loans receivable		28	2,811
Trade and other receivables	12	1,402	-
Intangible assets		565	230
VAT recoverable		75	51
Other investments	14	5,353	5,244
Non-current assets		929,769	960,674
Trading properties	10	29,798	19,082
Trading properties under construction	11	302,564	278,800
Other investments	14	6,043	11,168
Non-financial assets	16	8,059	-
Inventories		1,119	1,120
Short-term loans receivable		816	578
Trade and other receivables	12	71,398	54,569
Current tax assets		1,197	4,431
Cash and cash equivalents	13	103,579	89,003
Current assets		524,573	458,751
Total assets		1,454,342	1,419,425
Equity			
Share capital		1,048	1,048
Share premium		1,763,409	1,763,409
Translation reserve		(333,343)	(371,659)
Capital reserve		(19,333)	(19,333)
Retained earnings		(550,424)	(627,324)
Equity attributable to owners of the Company		861,357	746,141
Non-controlling interests		76	(63)
Total equity		861,433	746,078
Liabilities			
Long-term loans and borrowings	15	367,130	487,348
Deferred tax liabilities		74,516	54,772
Deferred income		12,485	11,964
Non-current liabilities		454,131	554,084

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 September 2019

	Note	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Liabilities (continued)			
Short-term loans and borrowings	15	15,794	16,433
Trade and other payables	16	57,204	37,378
Advances from customers		64,113	65,407
Income tax payable		1,667	45
Current liabilities		138,778	119,263
Total liabilities		592,909	673,347
Total equity and liabilities		1,454,342	1,419,425

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 January 2019 to 30 September 2019

	Note	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Cash flows from operating activities			
Profit for the period		77,081	96,598
<i>Adjustments for:</i>			
Depreciation	9	742	709
Net finance costs/(income)	5	5,405	12,645
Increase/(decrease) in fair value of properties	7,8	24,294	(62,257)
Gain on sale of investment property	7	(10,220)	-
Reversal of trading properties under development construction write-down of prior years	11	(5,676)	-
Tax expense/(benefit)	6	<u>40,448</u>	<u>24,070</u>
		132,074	71,765
Change in trade and other receivables		(16,909)	11,550
Change in inventories		89	125
Change in trading properties and trading properties under construction		(12,523)	(27,905)
Change in advances and amounts payable to builders of trading properties under construction		7,921	(12,210)
Change in advances from customers		(16,847)	37,703
Change in trade and other payables		183	(24,804)
Change in VAT recoverable		4,310	5,438
Change in deferred income		<u>(414)</u>	<u>1,568</u>
Cash generated from operating activities		97,884	63,230
Taxes paid		(15,027)	(14,797)
Net cash from operating activities		82,857	48,433
Cash flows from investing activities			
Proceeds from sale of other investments		6,962	6,956
Proceeds from sale of investment property	7	68,681	-
Proceeds from sale of property, plant and equipment		91	130
Interest received		2,784	817
Change in advances and amounts payable to builders	16	(2,527)	(478)
Payments for construction of investment property under development	8	(13,573)	(1,893)
Payments for the acquisition/renovation of investment property	7	(227)	(518)
Change in VAT recoverable		796	(979)
Acquisition of property, plant and equipment	9	(1,265)	(844)
Acquisition of other investments		-	(21,274)
Acquisition of intangible assets		-	(898)
Proceeds from repayments of loans receivable		2,700	482
Payments for loans receivable		(398)	(6,293)
Net cash from / (used in) investing activities		64,024	(24,792)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the period from 1 January 2019 to 30 September 2019

	Note	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Cash flows from financing activities			
Proceeds from loans and borrowings		-	542,467
Repayment of loans and borrowings	15	(118,253)	(548,571)
Interest paid		(19,376)	(17,724)
Net cash used in financing activities		(137,629)	(23,828)
Effect of exchange rate fluctuations		5,324	5,797
Net increase in cash and cash equivalents		14,576	5,610
Cash and cash equivalents at 1 January		89,003	95,468
Cash and cash equivalents at 30 September	13	103,579	101,078

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

1. SUMMARY OF OPERATION

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. As of 7 September 2016 the Company is a 64.88% subsidiary of Flotonic Limited, a private holding company registered in Cyprus, 100% owned by Mr Lev Leviev. Prior to that, the Company was a 64.88% subsidiary of Africa Israel Investments Ltd (“Africa-Israel”), which is listed on 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 5 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.

This summary of financial results comprises the Company and its subsidiaries (together referred to as the “Group”). The principal activity of the Group is real estate investment and development.

The summary of financial results was not audited. The amounts are based on the Group’s financial information, which is prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”) and the Group’s accounting policy, while the disclosures and presentation are not in compliance with IFRSs, specifically with IAS 34 “Interim Financial Reporting” and IAS 1 “Presentation of Financial Statements”.

Exchange rates

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

As of:	Russian Rubles for US\$1	% change nine months	% change year
30 September 2019	64.4156	(7.3)	(1.8)
31 December 2018	69.4706		20.6
30 September 2018	65.5906		13.9
Average rate during:			
Nine-month period ended 30 September 2019	65.0789		3.8
Nine-month period ended 30 September 2018	61.4358		5.3

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

2. REVENUE

	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Revenue from contracts with customers		
Revenue from sale of trading properties – transferred at a point in time (note 10)	18,336	10,914
Revenue from sale of trading properties – transferred over time (note 11)	138,117	101,514
Hotel operation income	22,354	23,781
Construction consulting/management fees	727	-
	179,534	136,209
Other revenue		
Investment property rental income	72,527	70,162
Non-core activity revenue	2,301	729
	74,828	70,891
	254,362	207,100

3. OPERATING EXPENSES

	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Maintenance, utility and security expenses	14,638	14,980
Agency and brokerage fees	1,093	1,799
Advertising expenses	4,633	5,312
Salaries and wages	11,557	10,769
Consultancy fees	2,007	1,802
Depreciation	631	629
Insurance	328	323
Rent	1,173	980
Property and other taxes	7,370	7,563
Other operating expenses	60	54
	43,490	44,211

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

4. ADMINISTRATIVE EXPENSES

	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Consultancy fees	142	487
Legal fees	581	1,143
Auditors' remuneration	144	245
Valuation expenses	51	43
Directors' remuneration	156	885
Depreciation	111	81
Insurance	113	113
Provision for Doubtful Debts	(428)	(283)
Donations	34	40
Maintenance of IT systems	262	160
Accommodation	42	94
Salaries and wages	453	37
Other administrative expense	765	986
	2,426	4,031

5. FINANCE COST AND FINANCE INCOME

	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Interest income	2,547	1,018
Net foreign exchange gain	19,148	11,812
Net change in fair value of financial assets	2,244	-
Finance income	23,939	12,830
Interest expense on loans and borrowings	(18,862)	(23,957)
Net change in fair value of financial assets	-	(1,517)
Other finance costs	(1,067)	(1,038)
Significant finance component on advances from customers*	(10,486)	-
Finance costs	(30,415)	(26,512)
Net finance (costs)/income	(6,476)	(13,682)

* In the current period the Group presented significant financial component from contracts with customers in the amount of US\$10,486 in the finance cost. In prior period significant finance component expense was capitalised in the trading properties under development and was then transferred to cost of sales in the period it was accrued as costs to fulfil the contract.

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

6. TAX EXPENSE / (BENEFIT)

	Unaudited 1/1/19- 30/9/19 US\$ '000	Unaudited 1/1/18- 30/9/18 US\$ '000
Current tax expense		
Current year	20,223	4,363
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	20,225	19,707
Total income tax expense/(benefit)	40,448	24,070

7. INVESTMENT PROPERTY

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January as previously reported	742,590	818,060
Renovations / additional costs	227	793
Disposals	(57,430)	(812)
Fair value adjustment	(7,528)	(3,707)
Effect of movement in foreign exchange rates	27,281	(70,668)
Reclassification to trading properties under development (note 11)	-	(1,076)
Balance 30 September / 31 December	705,140	742,590

The fair value adjustment in investment property is mainly related to the strengthening of the Russian Rouble to the US Dollar by 7.3% during the nine months of 2019.

The disposal during the nine-month period of 2019 represents the sale of the last remaining office building of the Aquamarine III Business Centre owned by Krown Investments LLC to one of the leading Russian banks for a total consideration of 4.4 billion Russian roubles, equivalent to US\$68.7 million, net of applicable VAT, realising a profit before tax of US\$10,220 thousand.

The Company assessed that the fair value of the properties has not materially changed since 30 June 2019, when a valuation by external appraisers took place, as there were no significant changes in the macroeconomic conditions in Russia. The same applies for investment property under development. See note 8 below.

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

8. INVESTMENT PROPERTY UNDER DEVELOPMENT

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January as previously reported	141,880	163,240
Construction costs	13,573	5,691
Fair value adjustment	(16,766)	(7,787)
Effect of movements in foreign exchange rates	7,153	(19,264)
Balance 30 September / 31 December	145,840	141,880

The fair value adjustment in investment property is mainly related to the strengthening of the Russian Rouble to the US Dollar by 7.3% during the nine months of 2019.

The Company assessed that the fair value of the properties has not materially changed since 30 June 2019, when a valuation by external appraisers took place, as there were no significant changes in the macroeconomic conditions in Russia.

9. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January	67,868	77,633
Depreciation charge	(742)	(899)
Additions	1,265	1,596
Disposals	(91)	(150)
Effect of movements in foreign exchange rates	3,066	(10,312)
Balance 30 September / 31 December	71,366	67,868

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

10. TRADING PROPERTIES

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January	19,082	10,792
Transfer from trading properties under construction (note 11)	20,114	23,054
Additions	-	56
Cost of sale of trading properties	(10,398)	(11,681)
Effect of movements in exchange rates	1,000	(3,139)
Balance 30 September / 31 December	29,798	19,082

Trading properties comprise unsold apartments and parking spaces. The transfer from trading properties under construction represents the completion of the construction of a number of apartments, offices and parking places of “AFI Residence Paveletskaya” project (Phase 1 and 2 delivered during 2018-2019) and “Odinburg” project (Building 6 delivered during 2019).

11. TRADING PROPERTIES UNDER CONSTRUCTION

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January as previously reported	278,800	349,735
Effect of adoption of IFRS 15 as at 1 January 2018*	-	(59,801)
Restated balance at 1 January	278,800	289,934
Transfer from investment property (note 7)	-	1,076
Transfer to trading properties (note 10)	(20,114)	(23,054)
Cost of sale of trading properties	(67,309)	(124,804)
Partial reversal of write-down of prior years	5,676	
Construction costs	90,230	159,186
Finance cost capitalised	-	9,414
Effect of movements in exchange rates	15,281	(32,952)
Balance 30 September / 31 December	302,564	278,800

*The Group has adopted IFRS 15 Revenue from Contracts with Customers as from 1 January 2018.

Trading properties under construction comprise “Odinburg”, “AFI Residence Paveletskaya”, “Botanic Garden” and “Bolshaya Pochtovaya” projects that involve primarily the construction of residential properties.

The amount recognised to cost of sales of trading properties, represents the cost incurred to date for the construction of the apartments and apartments which were sold but not yet completed based on the standard IFRS 15 adopted as from 1 January 2018.

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

12. TRADE AND OTHER RECEIVABLES

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Short-term trade and other receivables		
Advances to builders	40,925	35,919
Amounts receivable from related parties	116	184
Trade receivables, net	7,434	5,008
Other receivables	6,229	5,603
VAT recoverable	9,240	5,755
Tax receivable	5,529	2,100
Receivables from contracts with customers	1,925	-
	71,398	54,569
Long-term trade and other receivables		
Prepayments	1,402	-
	1,402	-
	72,800	54,569

Trade receivables net

Trade receivables are presented net of an accumulated provision for doubtful debts and unrecognised revenue of US\$5,461 thousand (31/12/2018: US\$7,686 thousand).

Receivables from contracts with customers

Receivables from contracts with customers represent receivables from customers for residential units sold where the revenue recognised over time is higher than the amount paid by customers, up to the reporting date.

Long-term trade and other receivables

Long-term prepayments represent prepaid amount to a third party developer to construct and transfer to the Group a non-residential building.

13. CASH AND CASH EQUIVALENTS

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Cash and cash equivalents consist of:		
Cash at banks	103,296	88,798
Cash in hand	284	205
Overdraft	(1)	-
Cash and cash equivalents as per statement of cash flows:	103,579	89,003

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

14. OTHER INVESTMENTS

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Equity securities	5,353	5,244
Investment in listed debt securities	-	2,022
Investment in funds	6,043	9,146
Balance 30 September / 31 December	11,396	16,412

By 30 September 2019 Other investments comprised US\$11,396 thousand, whereas US\$5,353 thousand were invested in long-term equity instruments and US\$6,043 were invested in short-term easily convertible into cash instruments. Listed debt securities have been matured in February 2019.

15. LOANS AND BORROWINGS

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Non-current liabilities		
Secured bank loans	367,130	487,348
	367,130	487,348
Current liabilities		
Secured bank loans	15,516	16,176
Unsecured loans from other non-related companies	278	257
	15,794	16,433

The outstanding loans at 30 September 2019 were as follows:

1) A secured loan from VTB Bank JSC («VTB») acquired by one of the Group's subsidiaries, Bellgate Constructions Ltd («Bellgate»), based on a loan agreement signed on the 28 December 2017. This loan was used to refinance the previous loan and Ozerkovskaya III loan from VTB. Bellgate received the loan in five tranches, during January and February 2018, in Euros and Russian Rubles. The blended interest rate on the loan is circa 5.54% per annum (assuming EUR/RUR exchange rate and Russian Central Bank key lending rate as at 30.09.2019). The interest and the principal of the loan are to be paid quarterly, while the term of the loan is 5 years. In June 2019 Bellgate made a partial early repayment of the loan of EUR60 million (equivalent to US\$68 million).

2) Secured loans from VTB acquired by Group's subsidiaries, Sanatorium Plaza Kislovodsk and Sanatorium PlazaSPA Zheleznovodsk (Sanatoriums), based on loan agreements signed on the 12 October 2018. The loans were used to refinance the previous loans of Sanatoriums from VTB (which were received to finance the acquisition of the additional 50% stake in the Sanatorium Plaza Kislovodsk and to repay intra group loans). Sanatoriums received the loans in Euros. The interest rate on the loans is 4.2% per annum. The interest and the principal of the loans are to be paid quarterly with a balloon payment of circa 60% at maturity, while the terms of the loans are up to 4 years. In May 2019 the Group made a partial early repayment of the loan of EUR35 million (equivalent to US\$39 million).

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 30 September 2019

15. LOANS AND BORROWINGS (CONTINUED)

The financial covenants in the loan agreements remained the same as described in the last annual consolidated financial statements. The Group has complied with the loan covenants during nine months ended 30 September 2019.

16. TRADE AND OTHER PAYABLES

	Unaudited 30/9/19 US\$ '000	Audited 31/12/18 US\$ '000
Trade payables	17,069	10,742
Payables to related parties	366	192
Amount payable to builders	27,110	18,056
VAT and other taxes payable	7,769	4,800
Other payables	4,890	3,588
	57,204	37,378