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JAPAN*

28 May 2019

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

RESULTS FOR THE THREE MONTHS TO 31 MARCH 2019

Residential presales drive performance

AFI Development, a leading real estate company focused on developing property in Russia, has today announced its financial results for the three months ended 31 March 2019.

Q1 2019 financial highlights¹

- **Revenue** for Q1 2019 was US\$94.0 million, including proceeds from the sale of trading properties:
 - Rental and hotel operating income decreased to US\$30.8 million
 - AFIMALL City contribution stood at US\$21.7 million
 - Sale of residential properties contributed US\$62.5 million to total revenue
- **Gross profit** was US\$35.2 million
- **Net profit** for Q1 2019 amounted to US\$6.0 million
- **Total gross value of portfolio of properties** was US\$1.26 billion
- **Cash, cash equivalents and marketable securities** as of 31 March 2019 was US\$137.5 million

Q1 2019 operational highlights

- Building 6 at **Odinburg** was delivered in May 2019, with the transfer of apartments to customers currently underway. The construction and presale of apartments in Building 3 (Phase I) and Building 3 (Phase II) also continues. As of 20 May 2019, the number of signed sale contracts stood at 719 (78% of total) in Building 3 (Phase I), 26 (2% of total) in Building 3 (Phase II) and 211 (94% of total) in Building 6.

¹ The financial results for Q1 2019 reported in this publication are based on the Unaudited summary of financial results prepared by the Company. The results were not reviewed by the auditors.

- At **AFI Residence Paveletskaya**, Phase II was delivered in May 2019. The transfer of apartments to customers is ongoing. The construction and presale of apartments at Phase III is currently ongoing. As of 20 May 2019, 567 contracts for the sales and pre-sales of apartments and “special units” had been signed (90% of Phase I and Phase II combined).
- At **Bolshaya Pochtovaya**, construction and marketing of the project is progressing to plan. In Q1 2019, the Company launched presales of Phase III apartments. As of 20 May 2019, 274 apartments (44% of Phases I, II and III combined) had been pre-sold to customers.
- The construction and pre-sale of properties at **Botanic Garden** are ongoing. As of 20 May 2019, 355 apartments (44% of Phase I) had been pre-sold to customers.
- In Q1 2019, the Company started construction works at the **Tverskaya Plaza Ic**, with construction works beginning at **Tverskaya Plaza IV** in Q2 2019. Both projects are grade A office developments in central Moscow.
- At **AFIMALL City**, the NOI for Q1 2019 was broadly flat year-on-year at US\$16.6 million.

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

“AFI Development has had a confident start to the year, owing largely to residential presales recognition and stable performance of the yielding portfolio.

At the same time, we remain mindful of the ongoing macroeconomic uncertainty in Russia as well as of potential negative influence of the new escrow schemes and launch of the state-funded housing programme on the Moscow residential development market. These factors are expected to place downward pressure on revenues and profitability of our projects.”

Q1 2019 Results Conference Call:

AFI Development will hold a conference call for analysts and investors to discuss its Q1 2019 financial results on Wednesday, 29 May 2019.

Details for the conference call are as follows:

Date:	Wednesday, 29 May 2019	
Time:	3pm BST (5pm Moscow)	
Dial-in Tel:	International:	+44 (0)20 3003 2666
	UK toll free:	0808 109 0700
Password:	AFID	

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

The Q1 2019 investor presentation will be published on the Company's website: <http://www.afi-development.com/en/investor-relations/reports-presentations> by 11.00 UK (13.00 Moscow) on 29 May 2019.

- ends -

For further information, please contact:

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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

We are pleased to report year-on-year growth in both revenue and profit in the first quarter of 2019. This is owing largely to residential presales recognition that was responsible for approximately 64% of our total revenue, which amounted US\$94.0 million. However, international sanctions have triggered a slowdown in the growth of the Russian economy which has impacted the performance of other areas of the business, particularly the commercial segment.

The level of our residential presales recognition is attributable to the advanced construction stage of our four projects under development (namely, Odinburg, AFI Residence Paveletskaya, Bolshaya Pochtovaya and Botanic Garden). As a result, our gross profit for the quarter was US\$35.2 million.

Rental and hotel operating income has decreased to US\$30.8 million.

Finally, we are pleased to report that we have started the delivery of pre-sold apartments in Building 6 (Phase II) at Odinburg and of Phase II at AFI Residence Paveletskaya, following state commissioning in May 2019. The construction works and pre-sales at our other residential projects, Bolshaya Pochtovaya and Botanic Garden, are also progressing.

Projects update

AFIMALL City

Due to several lease expirations, occupancy at the AFIMALL decreased to 90%, from 92% at the end-2018. Although the footfall to the mall continues to grow, the revenue does not grow at the same pace.

Odinburg

At the Odinburg residential development, Building 6 (Phase II) was state commissioned in May 2019 and its presold apartments are now being delivered to customers. We have also recently started marketing apartments at Building 3 (Phase II). Currently, construction works are focused on Building 3 (Phases I) and Building 3 (Phase II). As of 20 May 2019, the number of signed sale contracts stood at 719 (78% of total) in Building 3 (Phase I), 26 (2% of total) in Building 3 (Phase II) and 211 (94% of total) in Building 6.

AFI Residence Paveletskaya

In May 2019, Phase II of the AFI Residence Paveletskaya development was commissioned and delivery of apartments to customers commenced. Meanwhile, construction works and marketing of Phase III apartments continue. As of 20 May 2019, 567 contracts for the sales and pre-sales of apartments and "special units" had been signed (90% of Phase I and Phase II combined).

Bolshaya Pochtovaya

During Q1 2019, we launched presales at Phase III, following the start of construction at the end of last year. Construction and marketing of the project are progressing to schedule and as of 20 May 2019, 274 apartments (44% of Phases I, II and III combined) had been sold and pre-sold to customers.

Botanic Garden

Construction works and pre-sales are also progressing at Botanic Garden. As of 20 May 2019, 355 apartments (44% of Phase I) had been pre-sold to customers.

Aquamarine III (Ozerkovskaya III)

In April 2019, the Company agreed to dispose of the last remaining building in the office complex, together with its respective underground parking, for RUR 4.45 million. Upon completion of this transaction, the Company will have fully exited the Aquamarine III development.

Subsequent events

On 23 April 2019, AFI Development announced that it had agreed to sell Building 3 at the completed Aquamarine III Business Centre in Moscow for a total cash consideration of RUR4.45 billion (circa US\$69.5 million), net of the applicable Russian VAT. As at the publication date of the current report, the full consideration has been received by the Company.

On 26 April 2019, the Company announced that it had entered into an employment contract with Mr Lev Leviev effective from 1 May 2019.

On 20 May 2019, AFI Development announced that it had agreed with its lender, VTB Bank PJSC, to partially repay loans relating to the Plaza Spa Kislovodsk and Plaza Spa Zheleznovodsk projects, in the total amount of circa EUR35 million. As at the publication date of the current report, the EUR37.73 million repayment was made.

Elias Ebrahimpour (Eli Avrahampour)
Non-Executive Chairman of the Board

NOT REVIEWED BY AUDITORS

SUMMARY OF FINANCIAL RESULTS

For the period from 1 January 2019 to 31 March 2019

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the period from 1 January 2019 to 31 March 2019

	Note	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Revenue	2	94,014	49,401
Other income		783	210
Operating expenses	3	(14,625)	(15,766)
Cost of sales of trading properties	10,11	(43,935)	(17,615)
Administrative expenses	4	(737)	(1,371)
Other expenses		(258)	(250)
Total expenses		(59,555)	(35,002)
Gross Profit		35,242	14,609
Decrease in fair value of properties	7,8	(34,637)	(4,011)
Results from operating activities		605	10,598
Finance income		11,971	6,545
Finance costs		(6,879)	(10,596)
Net finance (costs)/income	5	5,092	(4,051)
Profit before tax		5,697	6,547
Tax (expense)/benefit	6	392	(1,429)
Profit for the period		6,089	5,118
Profit attributable to:			
Owners of the Company		6,088	5,140
Non-controlling interests		1	(22)
		6,089	5,118
Earnings per share			
Basic and diluted earnings per share (cent)		0.58	0.49

The unaudited summary of financial results was approved by the Board of Directors on 27 May 2019.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2019

	Note	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Assets			
Investment property	7	746,424	742,590
Investment property under development	8	147,501	141,880
Property, plant and equipment	9	71,505	67,868
Long-term loans receivable		2,307	2,811
Intangible assets		255	230
VAT recoverable		51	51
Other investments	14	5,244	5,244
Right-of-use assets	15	7,789	-
Non-current assets		981,076	960,674
Trading properties	0	18,598	19,082
Trading properties under construction	11	285,945	278,800
Other investments	14	8,403	11,168
Inventories		1,017	1,120
Short-term loans receivable		625	578
Trade and other receivables	12	54,536	54,569
Current tax assets		3,636	4,431
Cash and cash equivalents	13	129,099	89,003
Current assets		501,859	458,751
Total assets		1,482,935	1,419,425
Equity			
Share capital		1,048	1,048
Share premium		1,763,409	1,763,409
Translation reserve		(340,285)	(371,659)
Capital reserve		(19,333)	(19,333)
Retained earnings		(624,265)	(627,324)
Equity attributable to owners of the Company		780,574	746,141
Non-controlling interests		(47)	(63)
Total equity		780,527	746,078
Liabilities			
Long-term loans and borrowings	16	487,625	487,348
Deferred tax liabilities		51,469	54,772
Deferred income		13,001	11,964
Long-term lease liabilities	15	17,471	-
Non-current liabilities		569,566	554,084

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 March 2019

	Note	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Liabilities (continued)			
Short-term loans and borrowings	16	17,060	16,433
Trade and other payables	17	46,583	37,378
Advances from customers		64,153	65,407
Income tax payable		337	45
Short-term lease liabilities	15	4,709	-
Current liabilities		132,842	119,263
Total liabilities		702,408	673,347
Total equity and liabilities		1,482,935	1,419,425

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 January 2019 to 31 March 2019

	Note	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Cash flows from operating activities			
Profit for the period		6,089	5,118
<i>Adjustments for:</i>			
Depreciation	9	241	242
Net finance costs/(income)	5	(5,229)	4,514
Decrease in fair value of properties	7,8	34,637	4,011
Tax expense/(benefit)	6	(392)	1,429
		<u>35,346</u>	<u>15,314</u>
Change in trade and other receivables		(1,386)	18,323
Change in inventories		183	239
Change in trading properties and trading properties under construction		8,633	(4,444)
Change in advances and amounts payable to builders of trading properties under construction		7,645	(3,786)
Change in advances from customers		(5,912)	25,271
Change in trade and other payables		(114)	(25,734)
Change in VAT recoverable		1,531	(557)
Change in deferred income		158	181
Cash generated from operating activities		46,084	24,807
Taxes paid		(122)	(10,043)
Net cash from operating activities		45,962	14,764
Cash flows from investing activities			
Proceeds from sale of other investments		2,000	5,148
Proceeds from sale of property, plant and equipment		51	2
Interest received		531	349
Change in advances and amounts payable to builders	17	2,898	(263)
Payments for construction of investment property under development	8	(2,236)	(756)
Payments for the acquisition/renovation of investment property	7	(85)	(256)
Change in VAT recoverable		(313)	143
Acquisition of property, plant and equipment	9	(260)	(305)
Acquisition of other investments		-	(9,845)
Acquisition of intangible assets		-	(964)
Proceeds from repayments of loans receivable		642	-
Payments for loans receivable		-	(2)
Net cash from / (used in) investing activities		3,228	(6,749)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the period from 1 January 2019 to 31 March 2019

	Note	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Cash flows from financing activities			
Proceeds from loans and borrowings		-	102,686
Repayment of loans and borrowings		(2,477)	(92,314)
Interest paid		(6,604)	(12,555)
Net cash used in financing activities		(9,081)	(2,183)
Effect of exchange rate fluctuations		(13)	2,118
Net increase in cash and cash equivalents		40,096	7,950
Cash and cash equivalents at 1 January		89,003	95,468
Cash and cash equivalents at 31 March	13	129,099	103,418

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 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 three months	% change year
31 March 2019	64.7347	(6.8)	13.0
31 December 2018	69.4706		17.6
31 March 2018	57.2649		1.6
Average rate during:			
Three-month period ended 31 March 2019	66.1271		5.5
Three-month period ended 31 March 2018	56.8803		(2.5)

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

2. REVENUE

	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Revenue from contracts with customers		
Revenue from sale of trading properties – transferred at a point of time (note 0)	2,553	1,750
Revenue from sale of trading properties – transferred over time (note 11)	59,949	16,160
Hotel operation income	6,725	7,590
Construction consulting/management fees	108	3
	<u>69,335</u>	<u>25,503</u>
Other revenue		
Investment property rental income	24,051	23,638
Non-core activity revenue	628	260
	<u>24,679</u>	<u>23,898</u>
	94,014	49,401

3. OPERATING EXPENSES

	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Maintenance, utility and security expenses	5,144	5,479
Agency and brokerage fees	361	924
Advertising expenses	1,434	1,816
Salaries and wages	3,792	4,089
Consultancy fees	676	126
Depreciation	208	210
Insurance	94	116
Rent	389	432
Property and other taxes	2,511	2,554
Other operating expenses	16	20
	<u>14,625</u>	<u>15,766</u>

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

4. ADMINISTRATIVE EXPENSES

	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Consultancy fees	60	160
Legal fees	101	329
Auditors' remuneration	1	62
Valuation expenses	20	16
Directors' remuneration	45	328
Depreciation	33	32
Insurance	36	36
Provision for Doubtful Debts	1	6
Donations	26	-
Maintenance of IT systems	121	65
Accommodation	17	39
Salaries and wages	12	13
Other administrative expense	264	285
	737	1,371

5. FINANCE COST AND FINANCE INCOME

	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Interest income	533	368
Net foreign exchange gain	9,995	6,177
Net change in fair value of financial assets	1,443	-
Finance income	11,971	6,545
Interest expense on loans and borrowings	(6,741)	(9,205)
Net change in fair value of financial assets	-	(621)
Other finance costs	(138)	(770)
Finance costs	(6,879)	(10,596)
Net finance (costs)/income	5,092	(4,051)

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

6. TAX EXPENSE / (BENEFIT)

	Unaudited 1/1/19- 31/3/19 US\$ '000	Unaudited 1/1/18- 31/3/18 US\$ '000
Current tax expense		
Current year	1,569	990
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(1,961)	439
Total income tax expense/(benefit)	(392)	1,429

7. INVESTMENT PROPERTY

Reconciliation of carrying amount	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January as previously reported	742,590	818,060
Effect of adoption of IFRS 16 as at 1 January 2019*	3,605	-
Restated balance at 1 January	746,195	818,060
Renovations / additional costs	85	793
Disposals	-	(812)
Fair value adjustment	(25,328)	(3,707)
Increase in investment property carrying amount due to IFRS 16*	230	-
Effect of movement in foreign exchange rates	25,242	(70,668)
Reclassification to trading properties under development (note 11)	-	(1,076)
Balance 31 March / 31 December	746,424	742,590

(*) The Group has adopted IFRS 16 Leases from 1 January 2019.

The fair value adjustment in investment property is mainly related to the strengthening of the Russian Rouble to the US Dollar by 6.8% during the three months of 2019.

The Company assessed that the fair value of the properties has not materially changed since 31 December 2018, 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 0 below.

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

8. INVESTMENT PROPERTY UNDER DEVELOPMENT

Reconciliation of carrying amount

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January as previously reported	141,880	163,240
Effect of adoption of IFRS 16 as at 1 January 2019*	5,497	-
Restated balance at 1 January	147,377	163,240
Construction costs	2,236	5,691
Fair value adjustment	(9,309)	(7,787)
Increase in investment property carrying amount due to IFRS 16*	124	-
Effect of movements in foreign exchange rates	7,073	(19,264)
Balance 31 March / 31 December	147,501	141,880

(*) The Group has adopted IFRS 16 Leases from 1 January 2019.

The fair value adjustment in investment property is mainly related to the strengthening of the Russian Rouble to the US Dollar by 6.8% during the three months of 2019.

The Company assessed that the fair value of the properties has not materially changed since 31 December 2018, 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 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January	67,868	77,633
Depreciation charge	(241)	(899)
Additions	260	1,596
Disposals	(51)	(150)
Effect of movements in foreign exchange rates	3,669	(10,312)
Balance 31 March / 31 December	71,505	67,868

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

10. TRADING PROPERTIES

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Balance 1 January	19,082	10,792
Transfer from trading properties under construction (note 11)	-	23,054
Additions	-	56
Cost of sale of trading properties	(1,802)	(11,681)
Effect of movements in exchange rates	1,318	(3,139)
Balance 31 March / 31 December	18,598	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 flats, offices and parking places of “AFI Residence Paveletskaya” project, phase 1, during 2018.

11. TRADING PROPERTIES UNDER CONSTRUCTION

	Unaudited 31/3/19 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 0)	-	(23,054)
Cost of sale of trading properties	(42,133)	(124,804)
Construction costs	33,194	159,186
Finance cost capitalised	2,108	9,414
Effect of movements in exchange rates	13,976	(32,952)
Balance 31 March / 31 December	285,945	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 flats 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 31 March 2019

12. TRADE AND OTHER RECEIVABLES

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Advances to builders	34,378	35,919
Amounts receivable from related parties	112	184
Trade receivables, net	4,121	5,008
Other receivables	5,919	5,603
VAT recoverable	7,891	5,755
Tax receivable	2,115	2,100
	54,536	54,569

Trade receivables net

Trade receivables are presented net of an accumulated provision for doubtful debts and unrecognised revenue of US\$6,798 thousand (31/12/2018: US\$7,686 thousand).

13. CASH AND CASH EQUIVALENTS

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Cash and cash equivalents consist of:		
Cash at banks	128,881	88,798
Cash in hand	218	205
Cash and cash equivalents as per statement of cash flows:	129,099	89,003

14. OTHER INVESTMENTS

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Equity securities	5,244	5,244
Investment in listed debt securities	-	2,022
Investment in funds	8,403	9,146
Balance 31 March / 31 December	13,647	16,412

By 31 March 2019 Other investments comprised US\$13,647 thousand, whereas US\$5,244 thousand were invested in long-term equity instruments and US\$8,403 were invested in short-term easily convertible into cash instruments. Listed debt securities have been matured in February 2019.

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

15. RIGHT-OF-USE-ASSETS / LEASE LIABILITIES

The Group has adopted IFRS 16 Lease from 1 January 2019. The Group as a lessee recognizes a right-of-use assets representing its right to use the underlying assets and a lease liability representing its obligation to make lease payments.

16. LOANS AND BORROWINGS

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Non-current liabilities		
Secured bank loans	487,625	487,348
	487,625	487,348
Current liabilities		
Secured bank loans	16,784	16,176
Unsecured loans from other non-related companies	276	257
	17,060	16,433

There were no changes to the loans during the three-month period ended 31 March 2019.

17. TRADE AND OTHER PAYABLES

	Unaudited 31/3/19 US\$ '000	Audited 31/12/18 US\$ '000
Trade payables	10,437	10,742
Payables to related parties	200	192
Amount payable to builders	25,979	18,056
VAT and other taxes payable	5,498	4,800
Other payables	4,469	3,588
	46,583	37,378

NOTES TO THE UNAUDITED SUMMARY OF FINANCIAL RESULTS
For the period from 1 January 2019 to 31 March 2019

18. SUBSEQUENT EVENTS

On 23 April 2019, AFI Development announced that it had agreed to sell Building 3 at the completed Aquamarine III Business Centre in Moscow for a total cash consideration of RUR4.45 billion (circa US\$69.5 million), net of the applicable Russian VAT. As at the publication date of the current report, the full consideration has been received by the Company.

On 26 April 2019, the Company announced that it had entered into an employment contract with Mr Lev Leviev effective from 1 May 2019.

On 20 May 2019, AFI Development announced that it had agreed with its lender, VTB Bank PJSC, to partially repay loans relating to the Plaza Spa Kislovodsk and Plaza Spa Zheleznovodsk projects, in the total amount of circa EUR35 million. As at the publication date of the current report, the EUR37.73 million repayment was made.