

2018

**ANNUAL
REPORT**

GARANT-INVEST
COMMERCIAL REAL ESTATE (JSC)

Contents



Letter from General Director	7
About the Company	9
The Company's mission and strategy	11
Strategic objectives of the Company	11
Business model	12
Competitive advantages	13
Company structure	14
Program RE	15
The bond program	16
Getting a credit rating	17
Market review	17
Macroeconomic indicators of development	17
Real estate market review	19
Results of activities	25
Operating results	19
Financial results	30
Corporate governance	41
General information about corporate governance	41
Executive management bodies	47
System of remuneration for management bodies	48
Risk management and internal control system	49

Sustained development	53
Managing shopping centers	53
Digital technologies	54
Interaction with related parties	54
Social responsibility	60
Appendices	63
Disclosure for significant transactions	63
Disclosure for related party transactions	65
Retail properties portfolio	69
Auditor's report and financial statements according to IFRS	
Auditor's report and financial statements according to RAS	

About the report

This annual report (hereinafter referred to as Report) was prepared based on the results of the work of Garant-Invest Commercial Real Estate (JSC) in 2018 on the basis of information available to the Company by the date of compilation of this report and is intended for a wide range of related parties. Garant-Invest Commercial Real Estate (JSC)

(hereinafter referred to as Company) pays particular attention to interacting with stakeholders, and this report is prepared for the purpose of providing information on the results of the activities of the Company, its current status, position within the industry and future development trends.

Disclaimer

This Report contains information on the results of the Company's activities in 2018 as well as forward-looking statements and assessment concerning financial, economic and social indicators that characterize further development of the Company. The occurrence and assessment of real events and their results may differ from forward-looking estimates and assessment. The implementation of expectations and

intentions is directly connected to the political, economic, social and legal situation in the Russian Federation and in the world and to the existing uncertainty in forecasting particular events. For this reason the actual results of the Company's activities in the future may differ from the forward-looking statements, estimates and assessments in the Report.

Presentation basis

This report represents the results of the activities of the Company and its subsidiaries (hereinafter jointly referred to as the Group) on the basis of consolidated financial statements prepared according to International Financial Reporting Standards (hereinafter IFRS standards). In

preparation of the report all the current requirements of IFRS standards were taken into consideration in full (in case of use of certain IFRS standards ahead of schedule or restrictions in their use in the Company's accounting policy, relevant provisos are made).

Information about the approval of the annual report by the general meeting of shareholders: the annual report of the Company for 2018 was approved by the annual general meeting of the shareholders, the meeting took place on May 30, 2019.

Letter from General Director



The year 2018 was not easy for the Russian market. Global conflicts concerning trade and politics, the activities of the global regulating bodies, worries about a slowdown in global economic growth, a number of political and economic events in emerging markets, ruble devaluation and sanction risks – all this was not to the advantage of the Russian business.

However, despite all complications, Garant-

Invest Commercial Real Estate (JSC) was able not just to finish the year 2018 with a favorable balance, but also to complete a number of very important projects.

In 2018 the Company continued its transformation into a public company, taking another step in strengthening corporate governance, introducing new methods of working with stakeholders and internal standards.

In August 2018 as a part of the program approved by the Moscow Exchange the fourth issue of exchange-traded bonds was placed. In December 2018 the ACRA rating agency assigned Garant-Invest Commercial Real Estate (JSC) a BBB+ (RU) rating, outlook Stable. The credit rating means the acknowledgment by independent experts of the high credit quality and reliability of the Company, its strong ability for payment of financial commitments.

Our shopping centers are popular with tenants due to their competitive location with high traffic, competent marketing policies and building mutually profitable relationships with tenants. According to the leading consultants in the real estate market, the average percentage of vacant commercial space for the portfolio of the Company is significantly lower than the average index for Moscow.

In 2018 our shopping centers were visited by more than 36.7 million people. Customer traffic grew 6.6% compared to 2017 (in 2017, 5.4% compared to 2016). The vacancy rate in the Company's shopping centers showed a positive momentum, decreasing from 4.59% as of December 31, 2017, to 3.52% as of December 31, 2018.

The unique location of our properties in Moscow, the Company's years of experience in property management, a pool of renowned tenants, mainly global brands and leaders of the Russian market — here's the basis of long-term success story for our Company.

Today we are getting the most of opportunities in the growing consumer sector in Moscow seeking to create long-term sustainable value for the shareholders. The floor space of our assets grew only 2% in 2018 compared to 2017, however, the growth of revenue at the year-end constituted 9%.

The last year was intense and complicated, but for us it was a year of the beginning of a new round of changes for the better. We did a lot and achieved a lot, our business has continued to make good progress against an uncertain economic and political backdrop. We see the year 2019 as a year for new plans and opportunities which should be for the benefit of our customers, partners, creditors and investors.

About the Company



BBB+

credit rating
(ACRA)
Outlook Stable



36.7

million
visitors annually



430

tenants



2,735

billion rubles
revenue for 2018



25

billion rubles
value of real estate portfolio



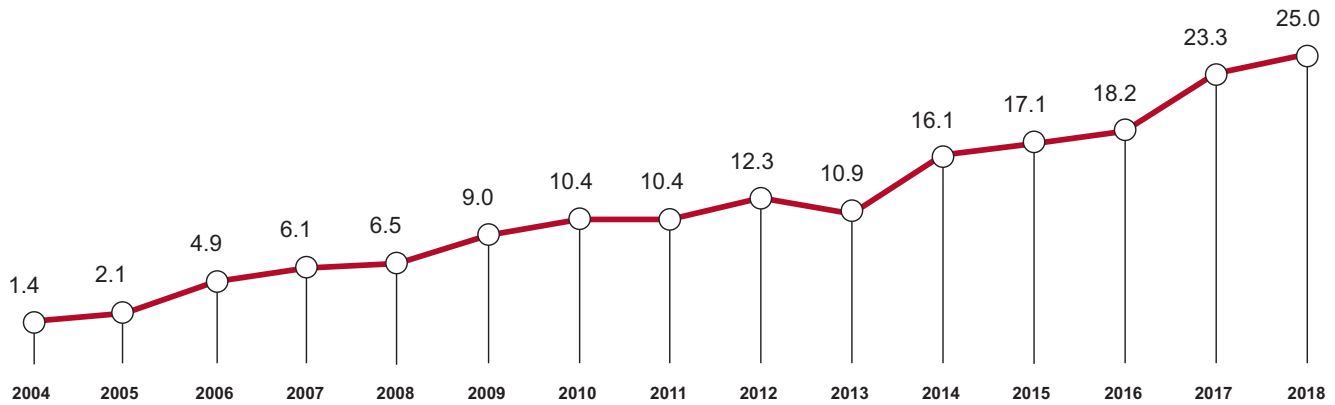
18

completed development projects



13

properties owned



Changes in the value of commercial real estate portfolio with time

— Assessment of market value, billions of rubles (without VAT)

Brands in shopping centers of Garant-Invest Commercial Real Estate (JSC)



Contracts with the longest terms



The Company's mission and strategy

Mission

We work to provide the residents of Moscow with new quality of shopping, food, entertainment, leisure and social communications. We develop commercial real estate in Moscow, working primarily in partnership with large retail chains, sharing their commercial success and constantly catering to the changing needs of our customers. Our activities are focused on constant creative work. We create new workplaces, actively participate in the development of the city infrastructure, offer comfortable shopping and leisure locations to city residents, using our finances, opportunities and time for the good of the society.

Strategy

The Company's new strategy was adopted in 2017 for the period up to 2022. The conservative development strategy is based on the following priorities:

- increasing the number of properties in our real estate portfolio;
- investment into assets with medium-term growth prospects;
- retaining our focus on retail realty in Moscow;
- increased diversification of the mix;
- ensuring growing rental income and sustained cash flow from our real estate portfolio;
- focus on redevelopment, modernization, renovation and reconception of newly acquired retail properties to achieve maximum added value;
- priority is leasing and selling properties when they are at the peak income and maximum valuation;
- entering public capital markets;
- increased openness and transparency for investors, creditors, customers and partners to increase investment attractiveness

Strategic objectives of the Company

Growth strategy

1 maximise occupancy and returns through proactive marketing, initiatives and investments

2 increase in operational effectiveness

3 financial strategy: capital optimization

Properties in operation:

- preserving the portfolio, renovation with the purpose of increasing rentable space;
- increasing revenue 7–10% a year through several factors:
 - increase in rental rates and replacement of tenants when concluding new agreements,
 - indexation of rental rates on current agreements,
 - lowering the percentage of vacant space to 2.4% in 2019 and to 1.65% in 2020.

Investment properties:

- investment into buying obsolete commercial properties and including them in the RE Program for investments (purchase, redevelopment and reconceptualization within 3 years with the following sale);
- increase in rentable space (up to 20% in shopping centers of more than 5 thousand meters square);
- lessening vacancy rate to the level of the shopping centers in operation;
- increasing rental rates by 12–18% through rotation of tenants and improved quality of management;
- increasing revenue 10–15% a year through the aforementioned measures.

Business model

The Company's business model is aimed, on the one hand, towards providing the residents of Moscow with new quality of shopping, food, entertainment, leisure and social communications, and on the other hand, on creating long-term partner relations with tenants, first of all, with large retail chains.

The business model is built on the following principles:

- preference for retail chains as the tenants at our properties;
- retaining our focus on retail sector when selecting new properties for investment;
- focusing on the needs of the target population of Moscovites with medium and higher income;
- conducting in-house as many operations concerning real estate portfolio management as possible, taking into account expert knowledge and experience in property management, development and properties renovation;
- focusing on the needs of the market, the changes in demand from the tenants, based on deep analysis of new market trends and social studies, detailed analysis of changes in city planning policies and development prospects of a specific region.

The drivers of the growth in the Company's business models are:

- the development of domestic and foreign retail chains in the Moscow region;
- the growing need of the retailers for quality space, which against the background of significant decrease in the speed of construction of commercial real estate and increase in consumer activities leads to the growth of rental and non-rental income and therefore to increase in the market value of the portfolio;
- the significant market potential in Moscow – more than 300 commercial properties needing renovation, some of which have a hidden value potential;
- a high level of interest towards investment into commercial real estate on the part of private investors against the background of falling yields in the financial market.

Taking into account the principles stipulated above, our business model envisages medium-term and longterm rise in value of our portfolio, quantitative growth of value of the portfolio and opportunities for investment sales of assets purchased within the framework of the RE Program.

Competitive advantages

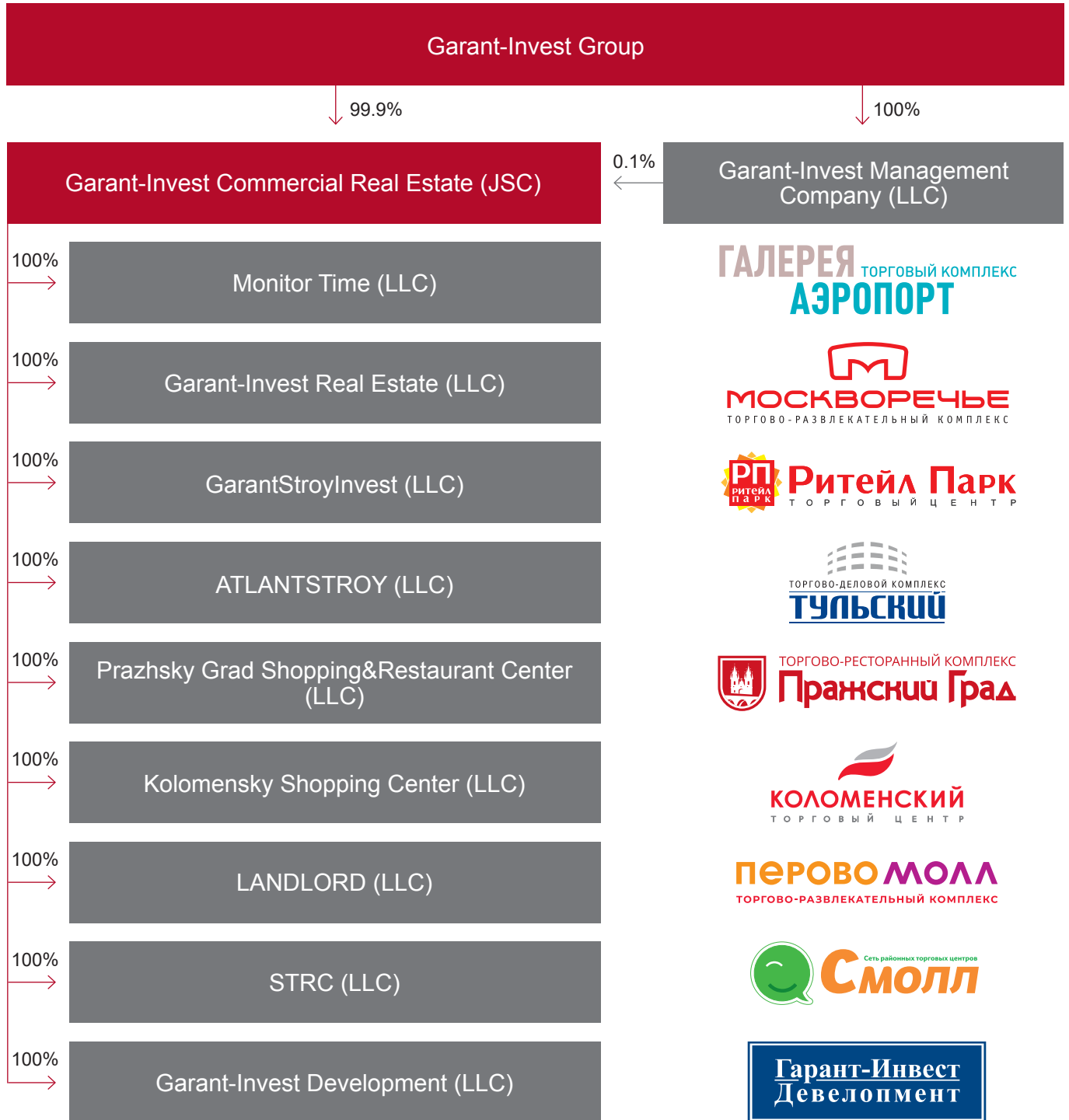
Competitive advantages: operating business

- consumer sector is among the most stable and growing, especially in such a large metropolis as Moscow;
- 15 years of successes in real estate business and long-term partner relations with companies in the retail segment;
- diversified portfolio of properties with rental rates higher than market average and minimal vacancy rates;
- focus on the Moscow commercial real estate market;
- prime locations by subway stations, near transport interchanges in Moscow's high population density districts;
- low concentration of operational risk per one tenant;
- high-quality human capital resources: great competencies in property management, development and corporate debt management.

Competitive advantages: credit quality

- transparent structure of ownership;
- 100% control over a group of high-quality borrowers;
- attractive terms of credit from largest banks with key interest rate +1%-1,25% in rubles for the term of 7-10 years;
- perfect credit history and business reputation;
- refinanced bank loans with maturity dates in 2027-2029 and options of extending them until 2030;
- BBB+ credit rating from ACKRA;

Company structure



Investment Program RE

Development of domestic and foreign retail chains in Moscow, the demand of such chains for quality commercial real estate properties against the background of significant decrease in volumes of construction and commissioning of shopping centers with simultaneous increase in consumer activities of the population ensures that the demand for quality commercial spaces exceeds the offer and grows at rates outstripping the growth of offer, therefore guaranteeing stable growth of income for owners of a quality commercial real estate portfolio and increase in medium-term and longterm market value of such properties.

The reporting year saw the continued implementation of the Investment Program RE, which began in 2017. The purpose of the program is getting high added value through buying and renovating commercial properties not consistent with up-to-date requirements, converting them into a new format taking into account the improvement of the indicators of their operating activities and focusing on changing needs of both our visitors and our tenants. The Program RE is a large complex of measures including redevelopment, rebranding, restyling, rebrokerage, reengineering and reconceptualization of a commercial property.

The implementation of the Program RE improves the attractiveness of a commercial property for both tenants

Renovation of properties in operation

In 2018 the Company conducted renovation of both its own commercial real estate properties and the properties newly bought in 2017-2018 as a part of the Investment Program RE. Each shopping center went through different types of modernization which on the whole was directed towards increase in rentable spaces, achieving maximum compliance with the requirements of a specific location and new trends in consumer demands, which are focused first of all on expanding leisure opportunities and increasing the food and social communication functions.

An example of successfully implemented project as a part of the Program RE is the Perovo Mall Shopping and Entertainment Center. The company bought the Moscow shopping center Karamel (near the Perovo and Novogireevo subway stations) in late December, 2017, and renamed it PEROVO MALL SHOPPING AND ENTERTAINMENT CENTER. After just three months, in March 2018, the first stage of renovation and modernization of the shopping center was finished. This stage included facade renovation, reengineering, rebrokerage, restyling and rebranding, and yet it was implemented without closing the property for visitors.

As a part of the Program RE, the neighbourhood shopping centers "Small" were renovated: in late 2017 the renovated Small Proletarsky was commissioned, in May 2018, Small

and visitors. On the one hand, when reconceptualizing and repurposing outmoded properties, we cater to new demands of the population, first of all aiming towards the increase of the social communication function, and on the other hand, we work as longterm partners of our retailer tenants. Thanks to the Program RE, the Company can offer renovated, comfortable and modern shopping centers with high quality of shopping, leisure and services within walking distance to the inhabitants of Moscow, which is in line with the current trends in the capital: the concept of comfortable city and the development of the infrastructure of districts.

Garant-Invest Commercial Real Estate (JSC) possesses unique experience both of modernization and renovation of its own properties without closing them for visitors and of launching new shopping centers, renovating outdated properties and repositioning trade properties in the conditions of emergence of new competitors and new trade formats.

Redevelopment projects as a part of the Investment Program RE compare favorably with developer projects because of their shorter cycle of operations for increase in rentable space (from 4 to 6 months) with minimal changes in structural elements, they have higher added value and, as a result, a shorter payoff period.

Borisovsky, in July 2018 two properties at once, on the Shipilovskaya street and on the Chernomorsky boulevard.

In total, in 2018 as a part of the Program RE 3 new properties were bought for the chain of neighbourhood shopping centers "Small", and the renovation was finished for the Company's own commercial real estate properties: Moskvorechie Shopping and Entertainment Center, Airport Gallery Shopping Center, Prazhsky Grad Shopping&Restaurant Center, Kolomensky Shopping Center and five properties for the Small chain. The renovation was conducted during the summer and autumn of 2018 in all the Company's shopping centers at the same time and without closing them.

As a part of the Program RE, 12 anchor tenants were replaced in Moskvorechie Shopping and Entertainment Center, Retail Park Shopping Center, Airport Gallery Shopping Center, PEROVO MALL SHOPPING AND ENTERTAINMENT CENTER,

Kolomensky Shopping Center, Prazhsky Grad Shopping&Restaurant and in five shopping centers of the Small chain. The Perekrestok, Detsky Mir, Familia stores, supermarkets of the Miratorg chain and the stores of the large fashion retailer LC Waikiki have opened in the aforementioned shopping centers.

The bond programme

The underlying funding instruments used by the Company for 15 years in 2017 were complemented by entering the public capitals market.

On March 23, 2017, the Moscow Exchange registered the bond program of Garant-Invest Commercial Real Estate (JSC) with total amount of 5 billion rubles.

In 2017 as a part of this program the Company issued bonds to the total amount of 2.3 billion rubles.

- Issue 1 — 29.05.2017, 1 billion rubles
- Issue 2 — 20.07.2017, 0.3 billion rubles
- Issue 3 — 20.12.2017, 1 billion rubles

The debut issues of exchange-traded ruble bonds in 2017 became an important stage on the path of transformation into a public company. Entering the public loans market was for the Company a natural stage in funding the development of the business together with bank credits and stock capital.

In 2018 Garant-Invest Commercial Real Estate (JSC) implemented the 4th issue of exchange-traded bonds to the amount of 0.5 billion rubles.

In February 19, 2019, PJSC Moscow Exchange registered changes in the Exchange-traded Bonds Program, increasing the total nominal value of all issues of exchange-traded bonds issued as a part of the Program to 10 billion people.

In 2019 the 5th issue of exchange-traded bonds (for 6 billion rubles) was placed, with coupon rate 12% a year for 5 years. The coupon yield payment is made once a quarter.

The placement of the Company's issues was done through PJSC Moscow Exchange by public subscription. The issues were placed in full, at nominal value of 1,000 rubles per share.

The organizer and underwriter for the placement of the 1st issue was JSC Raiffeisenbank, for the 2nd, 3rd and 4th issue the organizer and underwriter was BCS Company LLC, for the 5th issue, BCS Company LLC and JSC Gazprombank.

Due to the issuer obtaining credit rating in December 2018 the 5th issue was given credit rating BBB (RU).

On May 6, 2019, the exchange-traded bonds of the 5th issue were upon the decision of the Board of the Moscow Exchange transferred into the second quotation list and included into the Growth Sector attached to the PJSC Moscow Exchange.

Getting a credit rating

On December 26, 2018, the Analytical Credit Rating Agency (ACRA) assigned Garant-Invest Commercial Real Estate (JSC) a credit rating BBB+ (RU) with outlook Stable.

The ACRA Agency noted among factors positively influencing the rating the Company's strong business profile due to efficient use of commercial spaces, diversification by assets and tenants, high profitability of the business, availability of diversified sources of internal and external financing as well as the efficient management structure of the Company.

The Stable outlook for the rating of Garant-Invest Commercial Real Estate (JSC) presupposes the high likelihood of the rating not being revised within the horizon of 12-18 months.

This assessment confirms high creditworthiness of debt instruments of Garant-Invest Commercial Real Estate (JSC) based on stable performance indicators of the Company for many years and its ability to repay in full and in a timely manner its financial commitments to all the creditors: banks and bond holders.

Market review

Macroeconomic indicators of development

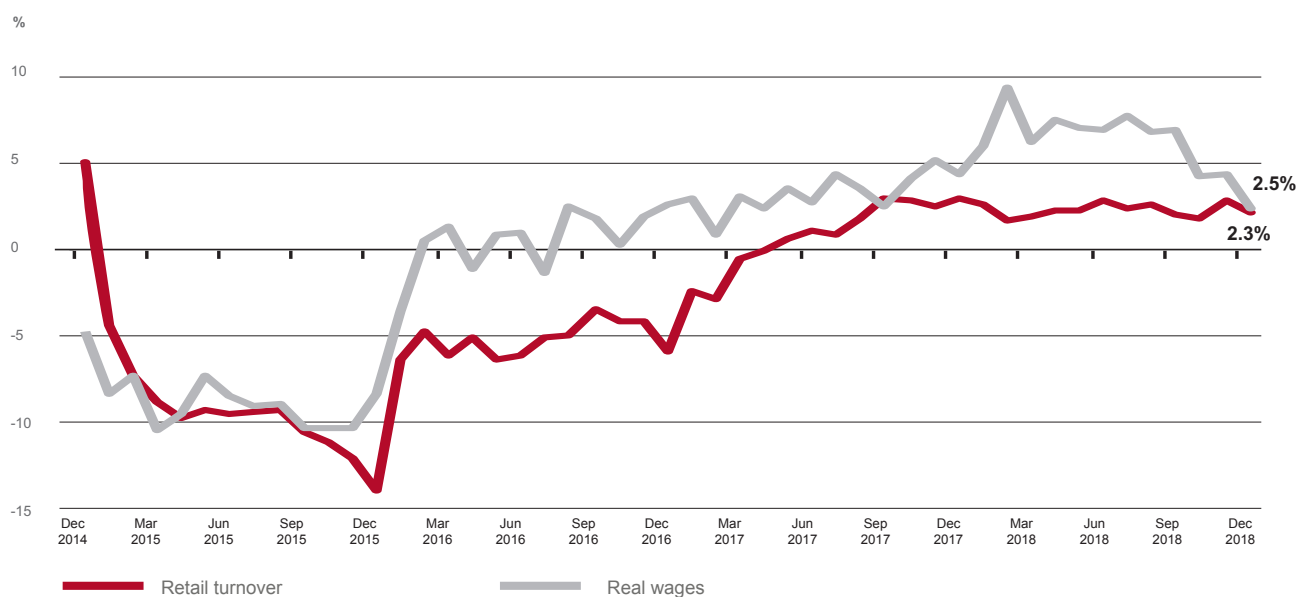
According to figures provided by the Federal State Statistics Service (Rosstat), GDP growth in 2018 rose to 2.0% compared to 1.6% a year before, which surpassed both the assessments by the Ministry of Economic Development of the Russian Federation based on contemporaneous data and the market consensus forecast. The increased GDP growth rate is strongly influenced by nonrecurrent factors and is not stable according to the assessment of Rosstat. According to forecasts, in 2019 the economic growth is expected to slow down to 1.3%. The World Bank also forecasts the economic growth in Russia falling to the level of 1.5%.

The consumer demand indicators showed a variety of trends. The retail turnover growth rate reached 2.6% in 2018 after 1.3% a year before. Compared to the previous year, the

rates of price increases for all main categories of goods have grown due to the influence of both general and specific factors on the market of specific goods and services. The prices for food products grew the most (1.7 p.p. out of 4.3%), in the non-food goods segment the growth of prices increased to 4.1% in 2018 (2.8% in 2017).

General factors influencing the inflation in 2018 include weakening ruble against the background of falling oil prices and capital outflow, the change of foreign exchange rate put pressure on prices for a whole range of goods and services. The second factor was the expansive growth of volumes of unsecured consumer lending (the retail credit portfolio increased by 1.4 trillion rubles).

Retail turnover and actual wages, y/y



Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

Consumer market in 2018:

+2.6%

retail
turnover

+6.8%

wages

+32%

consumer credits
(3rd quarter of 2018)

Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

Despite growing wages, consumers show some caution, so the growth of wages outstrips the growth of sales and of consumer demand.

Retail real estate market review

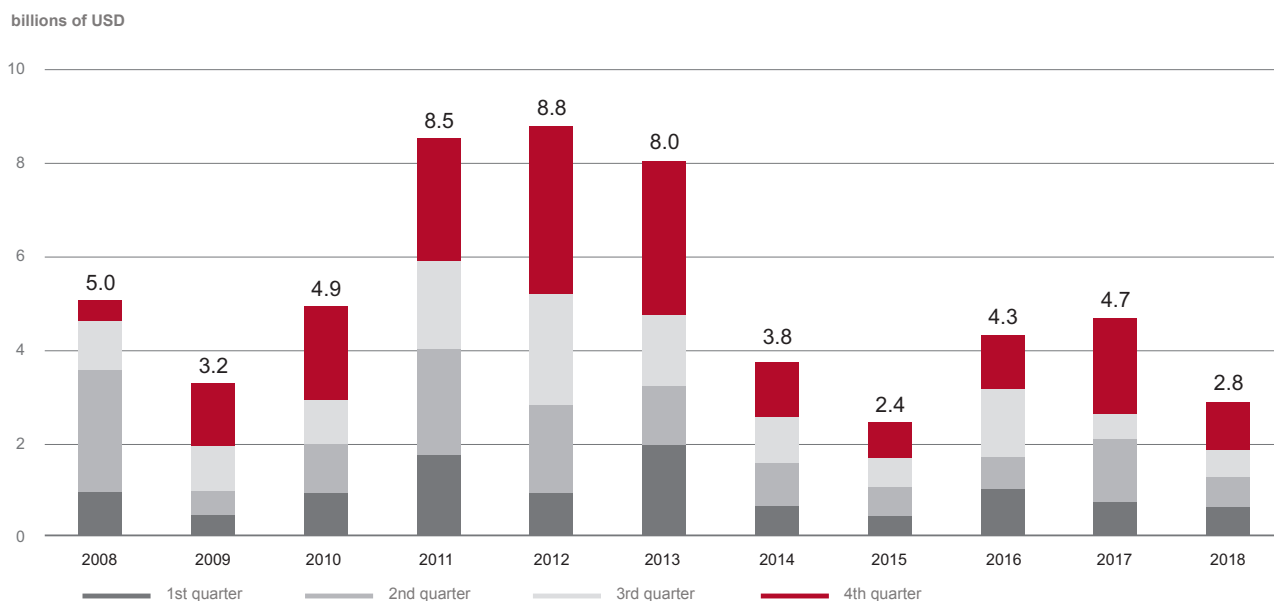
Among the general trends on the retail real estate market in 2018-2019 we can name the slowly reviving developer activity and the general trend for multifunctional complexes for both new construction and redevelopment.

In 2018 the amount of commercial spaces commissioned in Russia reached its minimum. In the context of uncertainty which was noticeable on the market for several years, the developers were careful about launching new projects. An important trend is the focus towards the needs of the visitors of the shopping centers and towards forming a local

marketplace in shopping centers, uniting retail chains. The managers of the shopping centers invest in increasing the leisure and entertainment component. The food service chains are those that develop most actively.

By the assessment of JLL, the volume of investment transactions on the real estate market of Russia in 2018 was 2.8 billion rubles, which is 39% less than last year's result (4.7 billion dollars). Among other things, the indicator for the 4th quarter, 966 billion dollars, was half as high as the similar period in 2017.

Changes in investment volumes, billions of USD



Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

The main reasons for the volume of investment transactions last year falling to the level of a crisis year was the caution of investors expecting new sanction packages, the turbulence on the developing financial markets and the pressure from the falling oil prices, the volatility of the ruble.

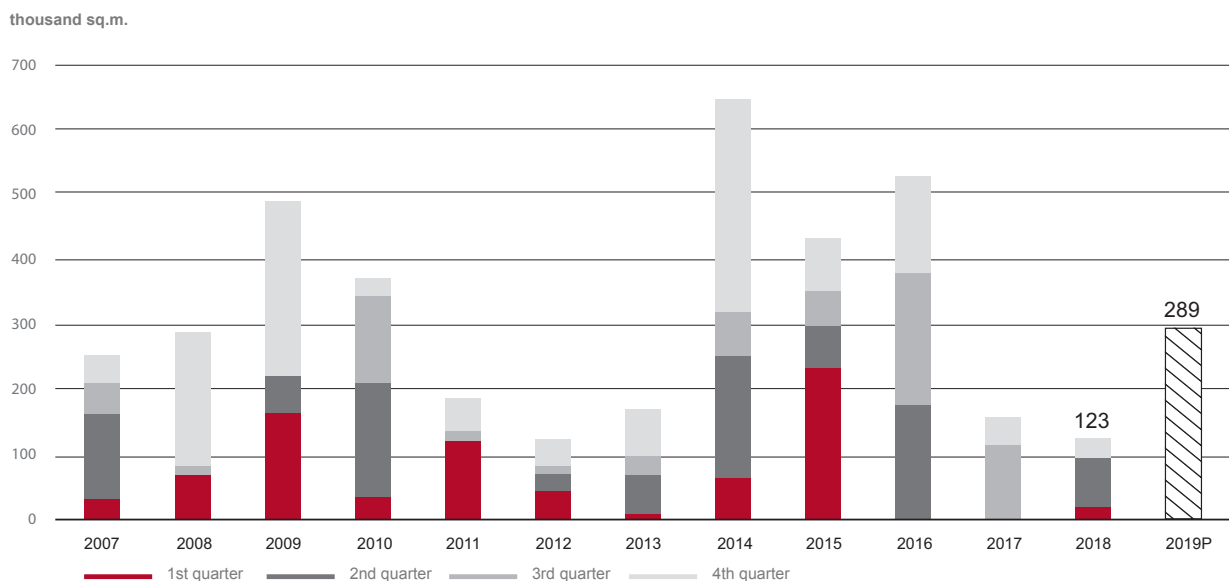
The office space sector was the leader of the year 2018 by volume of attracted investments, its share reached 39% from the total annual volume. Significant transactions include FC Otrkrytie buying the Legion I business center for its own needs and the investment purchase of the Metropolis office building by Hines and PPF Real Estate Russia funds. The retail real estate is in the second place (28%) with the largest transaction being the sale of the Riviera shopping and entertainment center in Moscow.

The foreign investors are still interested: the share of the foreign capital in 2018 increased to 28% of the total volume of transactions against 18% a year before, with the absolute indicator falling from 823 million dollars to 793 million dollars respectively. The biggest transaction with foreign capital in 2018 as well as the biggest transaction of the year was the purchase of the Riviera shopping and entertainment

center by a Kyrgyz venture foundation of the KLS Securities investment group. The purchase of 12 K-Rauta stores by the French retailer Leroy Merlin is in the second place. The top three among transactions also includes the purchase of the Metropolis office building by the Hines and PPF Real Estate foundations.

We may count among major trends of the retail real estate market in 2018 the lowest ever volume of newly commissioned space for the last 10 years (only 57% of projects planned for commissioning have entered the market), the lowest number of new brands for the last 5 years, as well as redistribution in the structure of new brands from the "above medium" retailers to the medium price segment. In 2018, 123 thousand sq.m. of commercial space were commissioned in Moscow, that is, 20% less than during the same period in the previous year. In light of this, the annual result is the lowest ever for the last six years (2017 — 150 thousand sq.m., 2016 — 500 thousand sq.m.).

Commissioning commercial space in Moscow



Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

In 2018, 3 large shopping centers were commissioned in Moscow

Kashirskaya Plaza – 71 thousand sq.m.

Arena Plaza – 17 thousand sq.m.

Milya – 18.8 thousand sq.m.

In 2019, 5 large shopping centers are planned for commissioning in Moscow

Ostrov Mechty – 65 thousand sq.m.

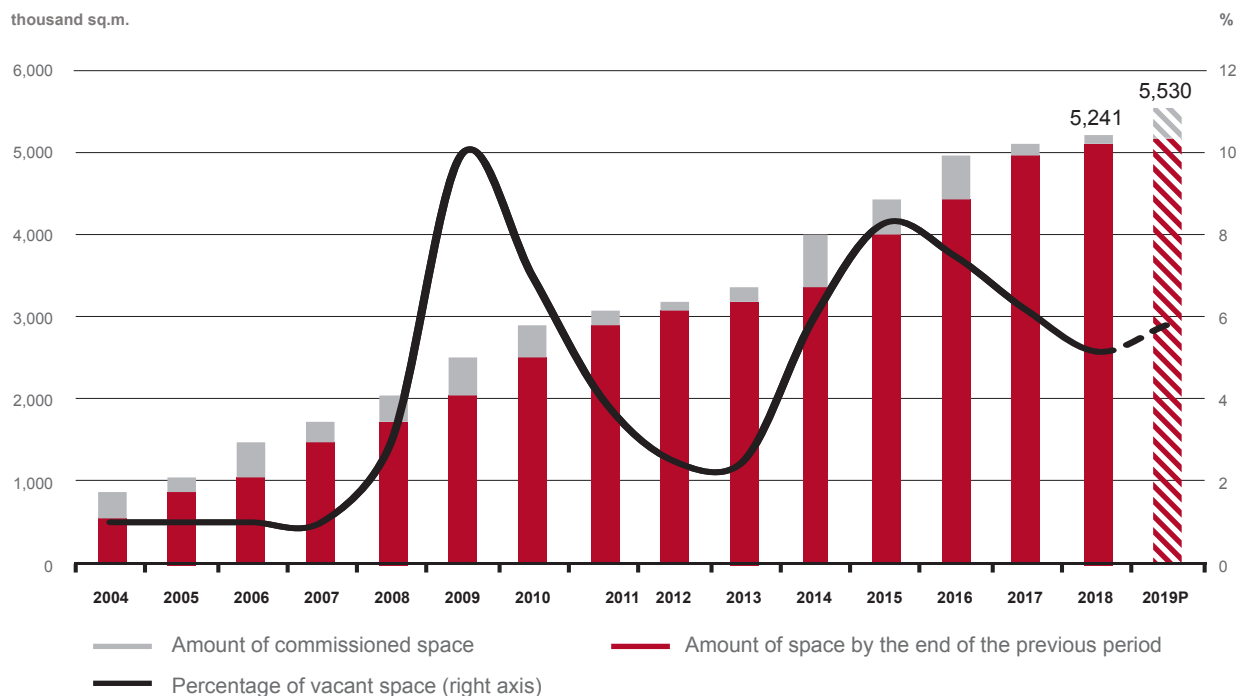
Rasskazovka – 18.6 thousand sq.m.

Galeon – 13.7 thousand sq.m.

Smolensky Passazh – 14.58 thousand sq.m.

Salaris – 110 thousand sq.m.

Volume of the supply and percentage of vacant space



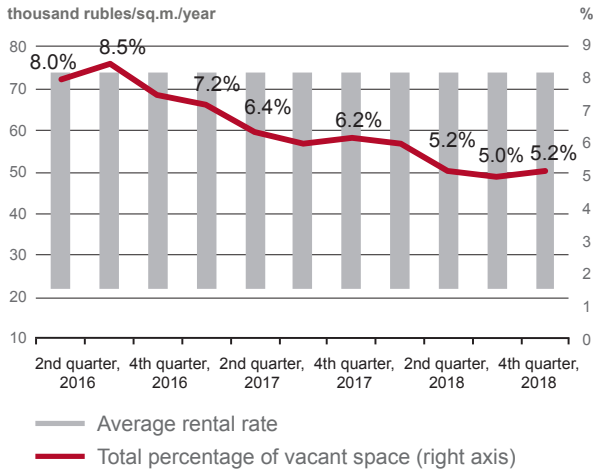
Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

In the most successful shopping centers of Moscow the rental rates for premises with the area of 100 sq.m. on the first floor of a shopping gallery constitute from 100 to 195 thousand rubles to sq.m. in a year.

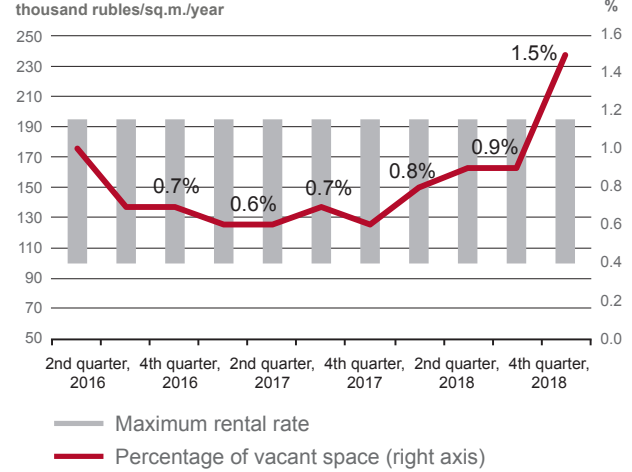
For the first time in 3 years the percentage of vacant space in these exceeded 1% and in the 4th quarter of 2018 reached 1.5%.

Average rental rate and percentage of vacant space

Percentage of vacant space and average rental rate



Percentage of vacant space and average rental rate in key shopping centers



Source: Retail real estate market report for Moscow, 4th quarter of 2018, JLL

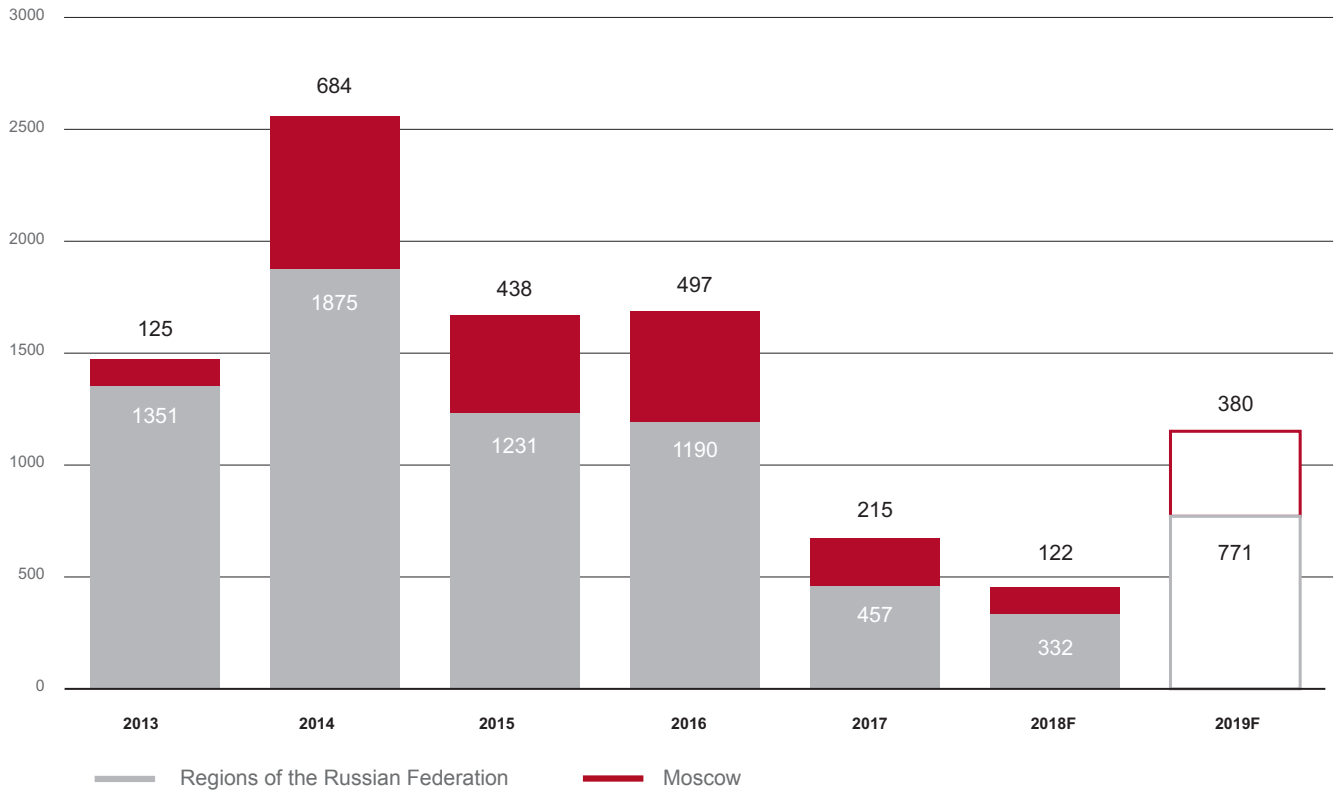
The capitalization rates for the premium retail real estate properties have been falling since 2015, according to the results of 2018 the rates are recorded to be within the interval from 9.5% to 10%.

A trend that seems to be common for all the regions of Russia is the annual reduction of the average space of commissioned shopping centers. This trend continued in 2018: the space of shopping centers opened within the current year decreased 2 times compared to the previous year, which is related to the end of the development cycle.

The new wave of development is going to begin in 2019. The market will see a high volume of commissioning of high-quality spaces in connection to planned launching of new large projects in the regions of Russia and to rescheduling of the openings of shopping centers planned for this year. The forecast for 2019 – 1.2 million sq.m. – will exceed the historical low noted in 2018 2.5 times.

Changes in volume of the new construction of shopping centers – Moscow and regions

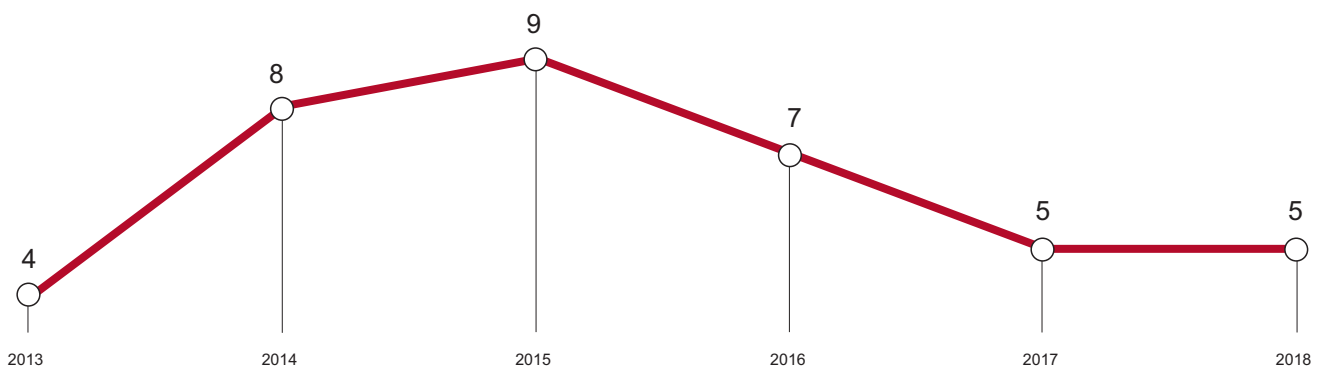
thousand sq.m.



Street retail market in Moscow

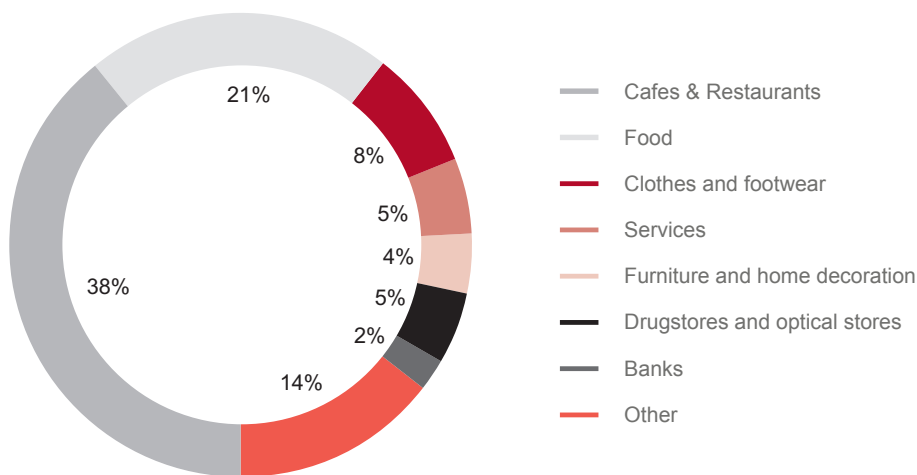
The vacancy rate within the street retail segment is gradually stabilizing and stays at a low level – 5% – for the second year in a row.

Vacancy rate for street retail in Moscow



Average rental rate has not changed during the year.

Distribution of demand for street retail properties in Moscow in 2018



The demand for quality spaces within the main retail frontage remains at a high level, at the same time stiff competition is expected for the best locations, mostly from the F&B segment (Food & Beverages). In 2018 the amount of food halls and gastromarkets doubled. The new format of food services is quickly growing in popularity among modern consumers for whom a conceptual approach and gastronomic diversity are more important than the price and the service rate.

Fashion operators once again open their stores within the prime retail frontage of Moscow, and this is helped by the renovation of the Moscow streets which become more attractive for retail, similar to high streets in European cities. As expected, the establishments opened in preparation for the World Cup 2018 continue to be popular.

Operating and financial results

Operating results

In its business operations the Company focuses on building longterm partner relations with companies in the retail segment. The group has a diversified portfolio of properties in unique locations, which guarantees stable cash flow from tenants with rates exceeding the average for the market and minimum vacancy rate.

Taking into account its niche on the Moscow retail real estate market, the Company analyzes and monitors a number of indicators directed towards obtaining detailed data on the structure of rental revenue, its changes by periods, changes in proportion of various categories of tenants within the revenue structure, the contribution of specific (most of all anchor) tenants to the consolidated rent revenue and concentration of operational risk for one tenant, etc.

Rented space

In 2018, 15,143 sq.m. were rented, which is actually three times higher than in 2017 (5,330 sq.m.). This was mostly due to concluding during the year 2018 new longterm rent

agreements with 12 anchor tenants. Rent agreements with anchor tenants constitute 70% of all spaces rented in 2018.

- Moskvorechie Shopping and Entertainment Center – 3 anchor operators for the area of 3698.2 sq.m.;
- Airport Gallery Shopping Center – 2 anchor operators for the area of 1291.8 sq.m.;
- Retail Park Shopping Center – 1 anchor operator for the area of 1239 sq.m.;
- Kolomensky Shopping Center – 1 anchor operator for the area of 903.95 sq.m.;
- PEROVO MALL Shopping and Entertainment Center – 1 anchor operator for the area of 888.6 sq.m.;
- Prazhsky Grad Shopping&Restaurant Center – 1 anchor operator for the area of 638.4 sq.m.;
- SMALL Proletarsky – 1 anchor operator for the area of 615.2 sq.m.;
- SMALL Shipilovsky – 1 anchor operator for the area of 880 sq.m.
- SMALL Chernomorsky – 1 anchor operator for the area of 519 sq.m.

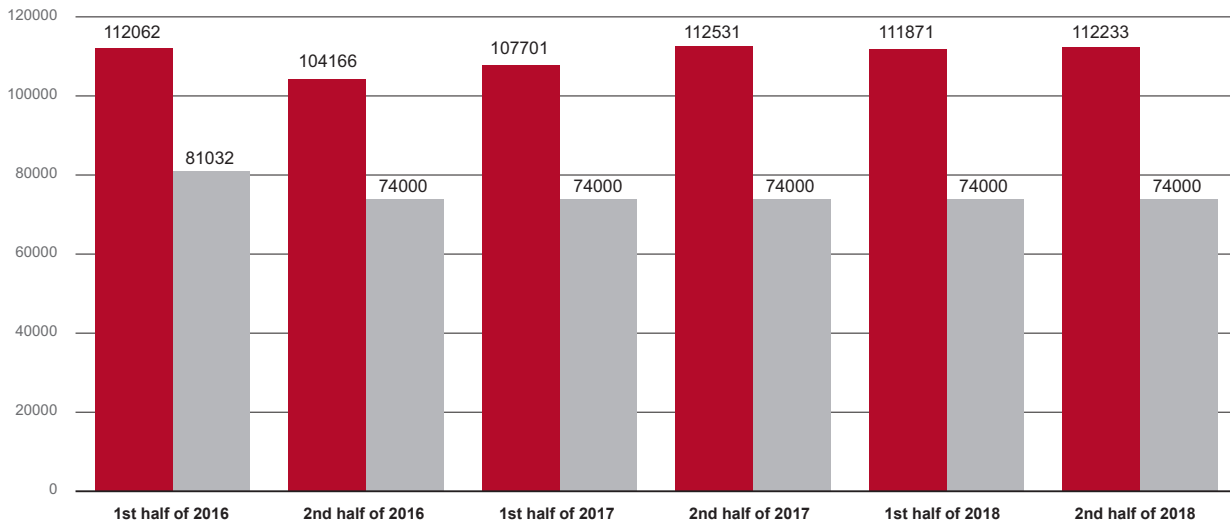
Rental rates

The advantageous location of the Company's shopping centers and the quality of property management permit keeping rental rates much higher than the average for the market, which is witnessed by the comparison between the average rental rate for the Company portfolio and for the market.

The rates are given without taking into account VAT and operating expenses for a standard store with rented space of up to 100 sq.m. located on the first floor of a shopping gallery. In some cases higher rates exceeding the market level on the whole are registered.

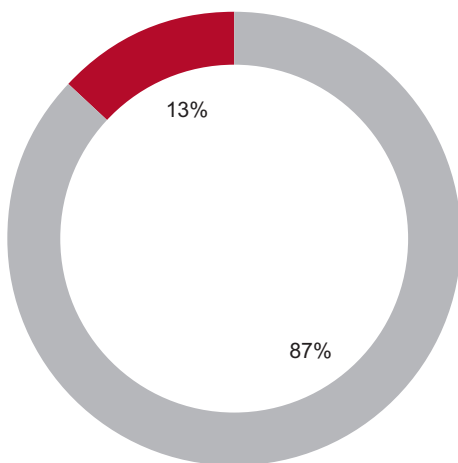
Comparison between average rates for Moscow and rates for the Company's portfolio

rubles to sq.m.



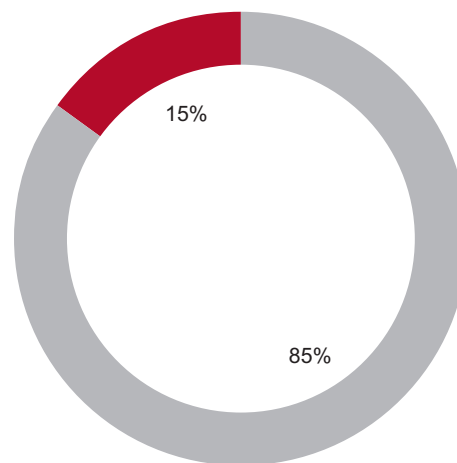
Percentage of chain and non-chain tenants in Shopping centers by the end of 2018

Proportion of chain and non-chain tenants by occupied space (for 31.12.2018)



— Chain tenants
— Non-chain tenants

Proportion of chain and non-chain tenants by revenue (for 31.12.2018)



— Chain tenants
— Non-chain tenants

The composition of the tenants is the key factor for the success of a shopping center. The Company has certain requirements for its tenants, the most important of which is complying with the concept of the shopping center. 87% of the space in the Company's shopping centers is occupied by chain tenants, with 85% of all the rental component of the revenues falling to their share.

When concluding rental agreements, the Company gives precedence to tenants that have an extensive network of trade outlets and stable financial position. For every shopping center the Company creates a format aimed at a particular type of consumer, based on which a clearly defined concept of this specific shopping center develops, including the pool of its tenants.

The opportunity of transferring chain tenants between retail real estate properties within the Company portfolio constitutes a competitive advantage in portfolio management, since the process of filling new properties becomes relatively faster taking into account the permanency of the pool of the main tenants.

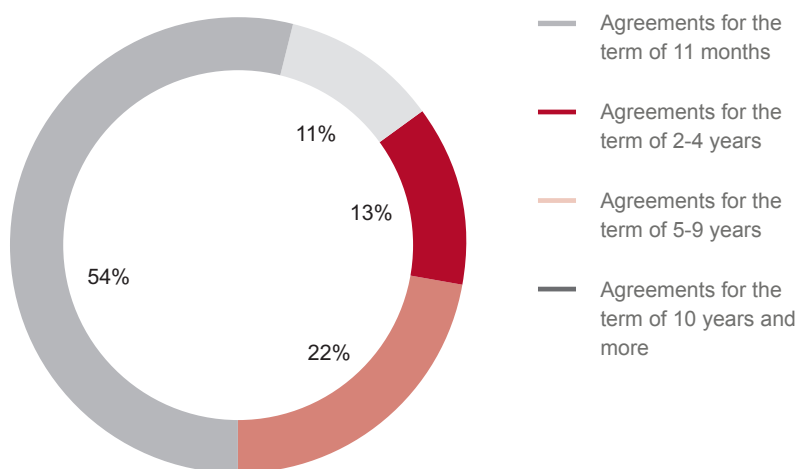
Tenants from chain retail and chain food service sectors that already have an experience of collaboration with the Company, in their turn, have a clear idea of the standards of management at the Company's properties, of the operational procedures and basic principles of interaction, which makes their collaboration with the Company as transparent as possible.

Subsequently a synergy effect emerges for the Company and the chain tenants when developing various commercial properties from the portfolio of the Company. Retail chains receive high quality rental services with the possibility of more precise estimates of semi-constant expenses (and, as a result, of operating results) for several enterprises of the chain at once. Working with one landlord, property manager and developer that manages, develops and renovates retail real estate properties of different formats within a unified approach to management quality and to developing its real estate portfolio permits the retail chain to concentrate mostly on its own operating activities, in essence being a recipient of outsourced high-quality property management services.

The longterm business solvency of the Company, as the ACRA rating agency noted when giving it the BBB+ credit rating, is guaranteed through the stable flow of rental payments, which, in its turn, is caused by significant percentage of medium- and longterm agreements in the portfolio of the Company.

For 54% of the space in the portfolio of the Company rental agreements are concluded for the term of more than 10 years. It should be emphasized that when concluding such agreements the Company only considers contractors of good standing, in particular, large anchor tenants or large retail chains, which attract visitors in every shopping center.

Structure of the rental agreement portfolio by terms related to occupied space



The 11-month agreements are usually concluded for small spaces, and the conclusion or renewal of such short-term agreements involves higher rates and has a good business effect for the properties within the portfolio. In the portfolio of the Group short-term agreements make for 11% of all the rented space.

The aforementioned proportion of terms of agreements as related to rented space is optimal from the point of view of balancing the tenant portfolio and ensures good revenues in the midterm perspective and increased attractiveness of the Company's retail properties for the visitors.

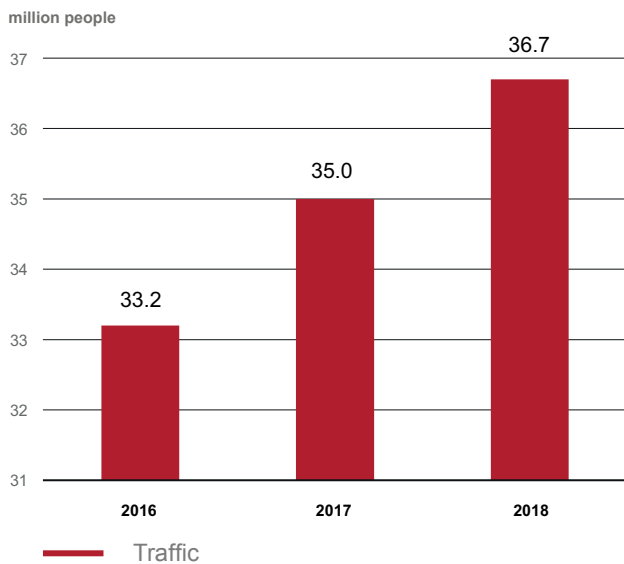
Shopping centers traffic

In 2018 the shopping centers of the Company demonstrated positive trends in customer traffic while overall annualized shopping center traffic in Moscow registered a decline. According to Watcom Group the Shopping Index has been going downhill year-to-year since 2014 even though some months still registered growth. Watcom Group is reporting a 1.28% drop in the Index in Moscow during the 3 weeks of December 2018 compared to the same period in 2017. The

overall annualized fall in the Shopping Index in Moscow was 5% with accumulated four year totals projecting a 14.5% drop.

In 2018 customer traffic in the Company's shopping centers grew 6.6% compared to 2017 (and 5.4% in 2017 compared to 2016) and made 36.7 million people.

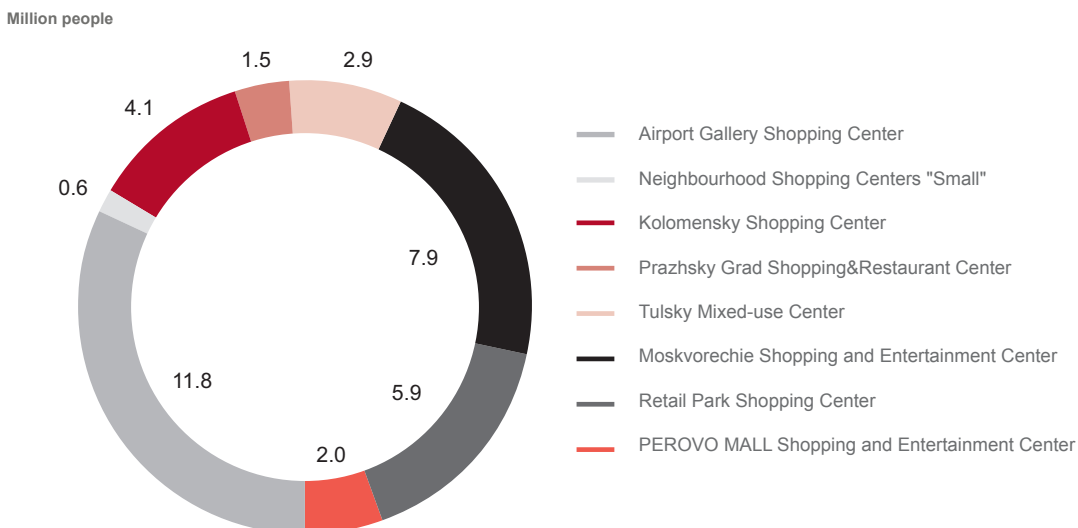
Traffic



The growth of this indicator in the reporting period was influenced by the following factors:

- improved quality of tenants;
- increased number of anchor tenants;
- increased number of retail chain companies with recognizable brands.

Traffic by shopping center



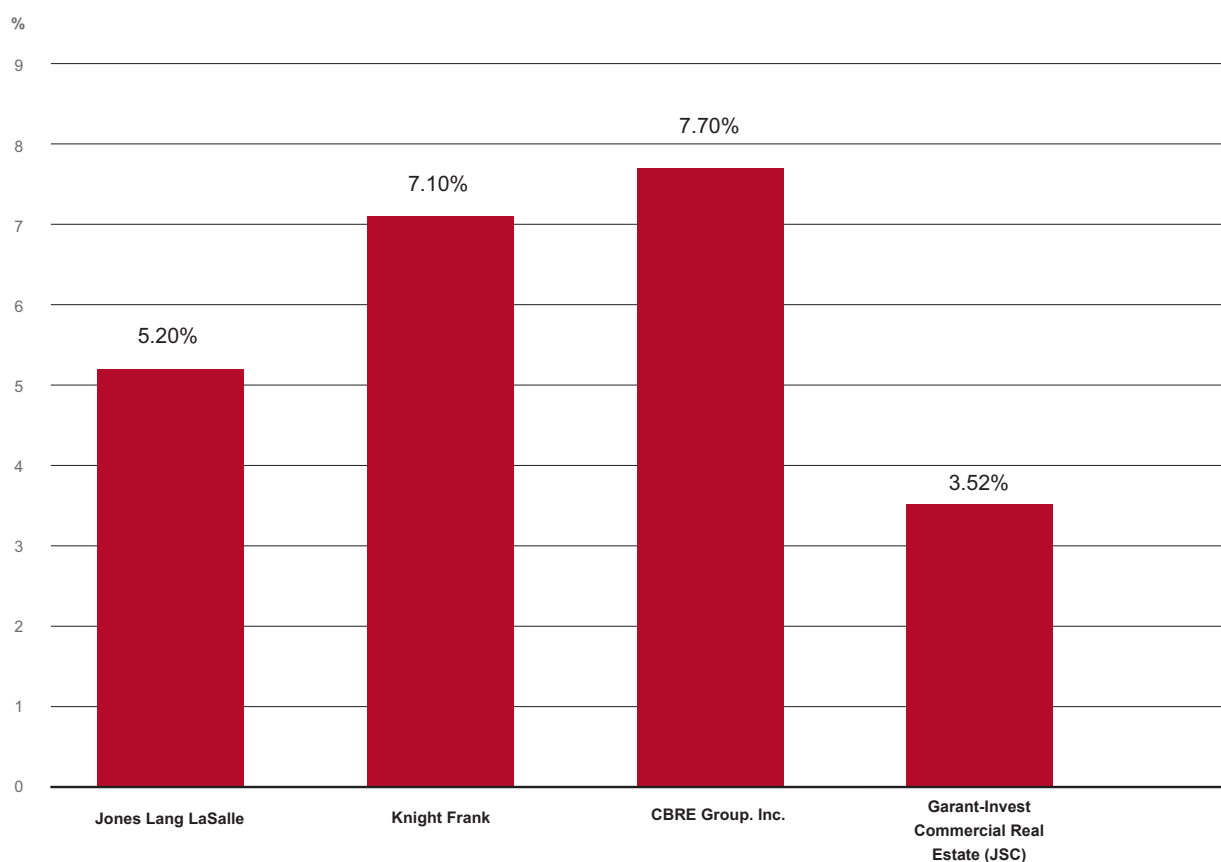
Vacant commercial space

One of the key performance indicators in retail property management is the low share of vacant commercial space in shopping centers (vacancy rate).

According to the leading consultants in the realty market, the percentage of vacant commercial space in the shopping centers of Moscow in 2018 oscillates between 5.5% and

7.7%, with the vacancy rate hitting its 5 year low, which among other things reflects a decrease in supply in the aftermath of several lean years that saw the lowest in new commercial space commissioned by the developers as well as the tenants consistently demanding quality commercial space.

Vacancy rate as of 01.01.2019



The vacancy rate in the Company’s shopping centers as of December 31, 2018, constituted 3.52% (4.59% as of December 31, 2017). The Company’s shopping centers are popular with tenants due to their competitive location, competent marketing policies and terms of longterm partnership that are of interest to the tenants.

According to the leading consultants in the realty market, the average vacancy rate for the portfolio of the Company is significantly lower than the average index for Moscow.

Financial results

Garant-Invest Commercial Real Estate (JSC) has the following priorities in managing its commercial real estate portfolio:

- ensuring growing rental income and sustained cash flow from our real estate portfolio;
- investment into assets with medium-term growth prospects;
- maintaining industry and regional focus: retail real estate in Moscow.

The Company strives to ensure growth of rental income through stable long-term partner relations with tenants, maximum filling of rentable spaces, increase in pop-up retail outlets, renovation of premises and expansion in the investment realty portfolio through new property buys within the framework of the RE Program.

Key financial results according to IFRS

Key financial performance indicators for 2018 according to IFRS

In 2018 revenue from rental agreements	2,735 million rubles	+9%	to the indicator for 2017
Other operating income	1,129 million rubles	+18%	to the indicator for 2017
Gross operating income	3,375 million rubles	-13%	to the indicator for 2017
EBITDA	2,113 million rubles	-6%	to the indicator for 2017
Value of portfolio of investment property according to IFRS	24,882 million rubles	+11%	to the indicator for 31.12.2017
Net debt for 31.12.2018	17,910 million rubles	+12%	to the indicator for 31.12.2017
Net assets for 31.12.2018	10,132 million rubles	+14%	to the indicator for 31.12.2017

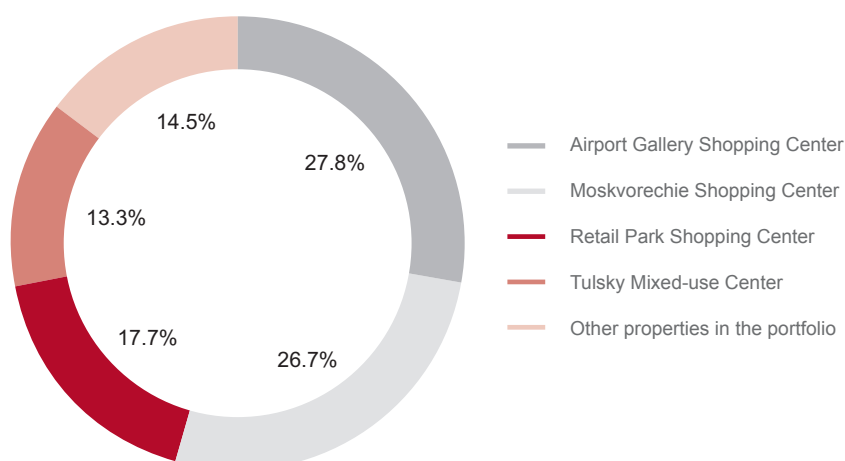
Changes in revenue and structure of revenue

	2016	2017	2018
Revenue, million rubles	2,432	2,519	2,735
Growth rate, %		4	9

The Company's revenue in 2018 grew 9%, or 216 million rubles, and made 2,735 million rubles. The LFL (Like-for-Like) index in 2018 grew 2% compared to 2017 and made 2,562 million rubles (2,508 million rubles in 2017 respectively).

The most significant increase in revenue was in the Retail Park Shopping Center - more than 15%. Compared to 2017 revenues of the Moskvorechie Shopping and Entertainment Center and Airport Gallery Shopping Center grew 5%. Affected by the ongoing renovation, the Kolomensky Shopping Center and Prazhsky Grad Shopping&Restaurant Center registered insignificant drop (less than 2%).

Name of property	Revenue in 2018, thousands of rubles	Share of revenue, %
Airport Gallery Shopping Center	760,563	28
Moskvorechie Shopping and Entertainment Center	730,577	27
Retail Park Shopping Center	482,749	18
Tulsky Mixed-use Center	364,154	13
Kolomensky Shopping Center	155,165	6
PEROVO MALL Shopping and Entertainment Center	98,154	4
Prazhsky Grad Shopping&Restaurant Center	67,759	2
Neighbourhood Shopping Centers "Small"	75,642	3



Revenue share from rental agreements with rates in foreign currency

The Company pays a great deal of attention to the financial indicators sensitive to changes in foreign exchange rates and

tries to minimize the dependence on their volatility. This is also driven by business factors and overall market trends.

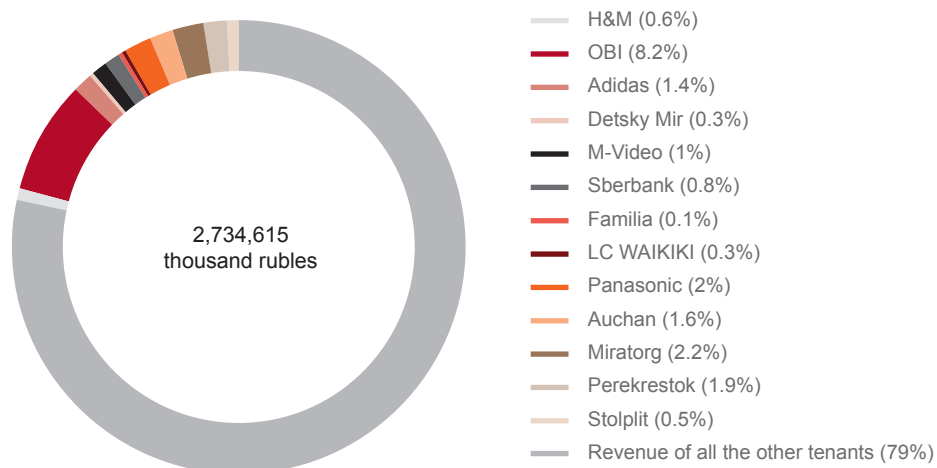
	2015	2016	2017	2018
Total revenue for rental agreements, thousands of rubles	2,449	2,432	2,519	2,735
Revenue for agreements with rates in foreign currency, thousands of rubles	1,078	650	611	268
Revenue for agreements with rates in rubles, thousands of rubles	1,371	1,782	1,908	2,467
Percentage of foreign currency revenue within the total revenue, %	43.99	26.71	24.24	9.79

The share of hard currency revenue decreased significantly during the last several years. In 2018, it fell 343 million rubles against the index for 2017 and made 268 million rubles for the reporting period (or 9.79% of the whole revenue for 2018).

The Company is building a diversified portfolio of tenants, working to avoid significant concentration of operational risk over one tenant. The anchor tenant category is fairly

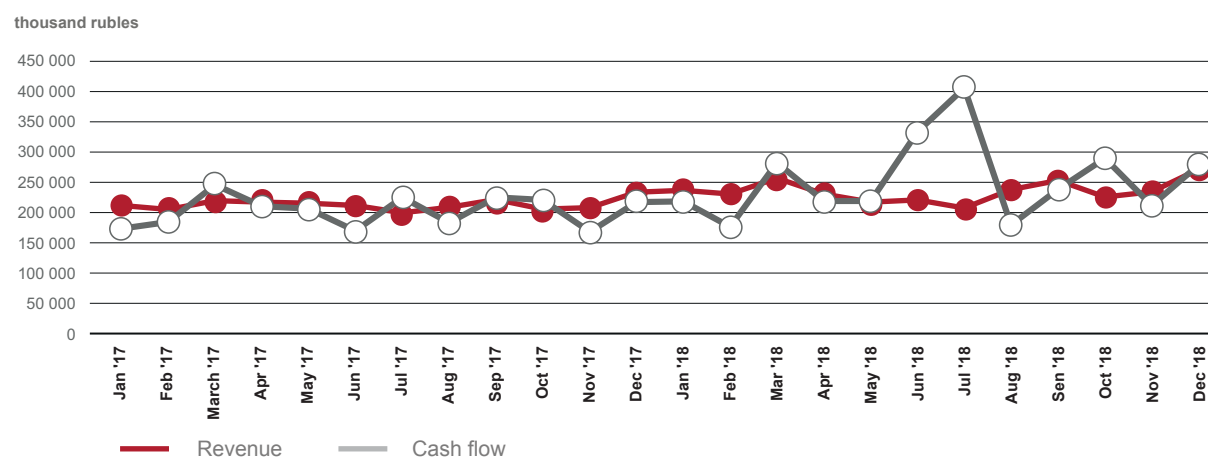
diversified, and their summary share in the rent revenue (excluding OBI) does not exceed 13% of revenue from all tenants.

All anchor tenants enjoy long-term rental agreements which, given the annual indexations, allows the Company to project stable flow and growth in rental revenues.



Seasonality

After recording the amounts of rental revenue and income throughout a long period of time it is possible to assert that both indicators are not subject to any significant seasonal fluctuations.



EBITDA and net profit

The EBITDA index is calculated using a conservative method and does not take into account the effect from change in fair value of investment property.

	2017	2018	Change in absolute terms	Change in relative terms
Consolidated EBITDA	2,248	2,113	(135)	(6%)
EBITDA profitability	89%	79%	(10 bps)	
Net profit	2,792	1,282	(1,510)	(54%)
Net profit margin	111%	47%	-	(64%)

The EBITDA index fell 6% compared to 2017, EBITDA profitability decreased by 10%. The decrease of the indices is due to renovation of 9 of the Company's own shopping centers, replacement of 12 anchor tenants and, as a result,

a shortfall in income for the term of up to 4 months with reduction of operational expenses, as well as additional current expenses for advertising, marketing and professional services of a general business nature.

Net profit

The decrease of net profit by 1,510 thousand rubles or 54% was due to the following reasons:

- the change in exchange rate difference because of revaluation of currency exchange operations and currency obligations by 817 million rubles due to growth of the rate exchange of US dollar to ruble by more than 11.87 rubles for 1 US\$ within the year 2018 (by December 31, 2018, as compared to December 31, 2017), which is equivalent to the growth of the rate of exchange of US dollar by 20.6% throughout the reporting year;
- the growth of interest expenses due to the increase in the Company's net debt because of issuing additional exchange-traded bonds and raising bank credits;
- the growth of other expenses by 286 million rubles.

The additional cash is raised by the Company for implementing the **RE** Program: renovation and modernisation of currently operational shopping centers and purchase of new shopping centers.

The effect of change in exchange rates and the revaluation of exchange obligations were the main reasons for the decrease in the Company's net profit within the reporting period (more than 54% of the total decrease of net profit). Within the framework of debt management the Company minimizes its share of exchange obligations, the only bank credit in foreign currency will be refinanced within the first six months of the year 2019.

The decrease in net profit, the reasons for which are listed above, in its turn led to a decrease in the net profit margin indicator. In 2018 the net profit margin was 47% (in 2017, 111%).

The decrease of net profit margin was also influenced by slower growth of the change in fair value of investment property in 2018 in relation to 2017 as compared to growth of revaluation in 2017 in relation to 2016. In 2017 the growth of value of investment property was 15% (without taking into account the properties bought in 2017), in 2018, 9% (without taking into account the properties bought in 2018), and the anticipated value growth rate of shopping centers currently in operation constitutes 5-7% a year in average for the market and is due most of all to the level of indexation of current rental rates in medium- and longterm agreements.

Company assets, millions of rubles

	2017	2018	Change (%)
Current assets	1,899	2,614	38
Non-current assets	26,729	29,957	12
TOTAL ASSETS	28,628	32,571	14

The company's assets in the current reporting period grew 14% or 3,943 million rubles, including:

- the investment property grew by 2,511 million rubles as a result of revaluation and increase of the real estate portfolio;
- financial investments increased by 1,384 million rubles.

In the non-current assets structure 83% is constituted by investment property which is annually evaluated by independent assessors using discounted cash flow method.

The evaluation as of December 31, 2018, was done by Jones Lang LaSalle (LLC) and the Center for Independent Expert Assessment of Property (LLC) and is based on fair market value of properties.

Name of property	Address	Fair value, million rubles	
		2018	2017
Airport Gallery Shopping Center	Moscow, 62A Leningradsky Prospect	7,319	6,150
Moskvorechie Shopping and Entertainment Center	Moscow, 26 Kashirskoye Highway	5,927	5,717
Retail Park Shopping Center	Moscow, 97 Varshavskoye Highway	4,177	4,144
Tulsky Mixed-use Center	Moscow, 11 Bolshaya Tulsкая Street	3,181	3,078
Kolomensky Shopping Center	Moscow, 23 Andropova Prospect	11,537	1,291
Prazhsky Grad Shopping&Restaurant Center	Moscow, 24A Kirovogradskaya Street	651	563
PEROVO MALL Shopping and Entertainment Center	Moscow, 61A Perovskaya Street	861	795
Neighbourhood Shopping Center Small Proletarsky	Moscow, 2A Proletarsky Prospect	403	323
Neighbourhood Shopping Center Small Shipilovskiy	Moscow, 62A Shipilovskaya Street	170	167
Neighbourhood Shopping Center Small Borisovskiy	Moscow, 46A Borisovskiy Passage	83	81
Neighbourhood Shopping Center Small Chernomorsky	Moscow, 10 Chernomorsky Boulevard	162	—
Neighbourhood Shopping Center Small Krasny Mayak	Moscow, 15 Krasnogo Mayaka Street	176	—
Neighbourhood Shopping Center Small Biryulevskiy	Moscow, 26A Biryulevskaya Street	177	—
TOTAL investment property		24,821	22,310

The value of investment property in the reporting period grew 2,512 million rubles or 11%, including through:

- purchase of three new properties within the framework of the RE Program for investments with total area of

2,814 sq.m. (the increase of total floor space of properties in ownership was 2%);

- increase in fair market value of the properties.

Long-term and short-term financial assets

	2017 million rubles	2018 million rubles	Change in absolute terms, million rubles	Change in relative terms
Long-term financial assets	3,011	3,788	777	26%
Short-term financial assets	1,121	1,728	607	54%
TOTAL FINANCIAL ASSETS	4,132	5,516	1,384	33%

As of December 31, 2018, longterm loans are represented by loans in rubles given to legal entities in the amount of 3,788 million rubles with a maturity from September 2020 to October 2023.

In what concerns these long-term loans, the Company is focused on getting medium-term profit based on the principles of payment of reasonable interest, fixed schedule of repayment and redemption.

Accounts receivable

As of December 31, 2018, the accounts receivable constitute 365 million rubles compared to 444 million rubles as of December 31, 2017. The accounts receivable were reduced by 79 million rubles or 18%.

The company pays a lot of attention to debt recovery, monitoring on a weekly basis the cash inflow, the age of overdue accounts receivable, interacts with tenants

concerning due payment on rental agreements. The receivables turnover was 11 days in 2017 and 5 days in 2018. The receivables impairment provision was 8% of the whole amount of accounts receivable as of December 31, 2017, and 11% as of December 31, 2018.

The percentage of overdue accounts receivable fell from 18% as of December 31, 2017, to 13% as of December 31, 2018.

Liabilities

Garant-Invest Commercial Real Estate (JSC) actively manages debt portfolio for the purpose of optimization and uniform distribution of loan debt burden in time, decreasing interest payment and lowering the depreciation portion of the main debt during the term of validity of loan agreements (until complete repayment) as well as appropriation of funds

for financing investment programs. Each loan is granted to a subsidiary of the Company, a separate legal entity which is the owner of the shopping center, against the security of this retail property for the benefit of the bank that is the senior creditor.

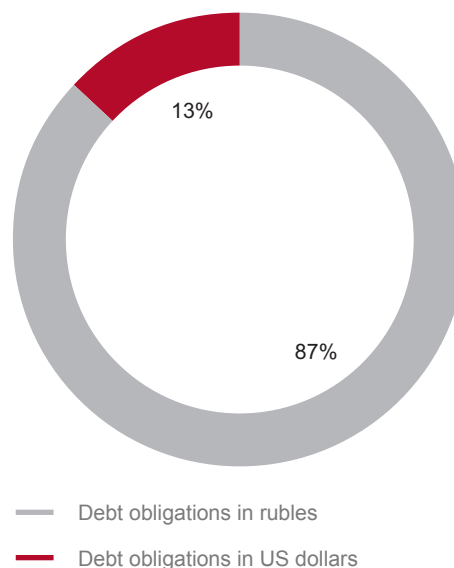
Million rubles	2017	2018	Change %
Attracted loans & borrowing	13,794	15,188	10%
Debt securities issued	2,354	2,871	22%
Total debt	16,148	18,060	12%
Cash at the end of year	112	150	33%
Net debt	16,036	17,910	12%
Net debt/EBITDA	7.13	8.39	

The increase of the consolidated total debt by 1,912 million rubles as of the reporting date is explained by:

- additional raising of 0.5 billion rubles in the form of a bonded loan for the implementation of the Investment program (RE Program);
- revaluation of the foreign currency credit nominated in US dollars because of the growth of the dollar exchange rate by December 31, 2018, by 20.6% to the amount of 427 million rubles;
- additional net raising of credits to the amount of 856 million rubles;
- interest charged on the credits in the amount of 129 million rubles.

In 2018 the credit portfolio quality was significantly improved in what concerns its value and maturity, and the exchange and interest rates were significantly reduced. Currently the company has a balanced debt portfolio: the debt in US dollars constitutes 13% from the amount of the credit portfolio, in Russian rubles, 87%.

Debt structure as of 31.12.2018



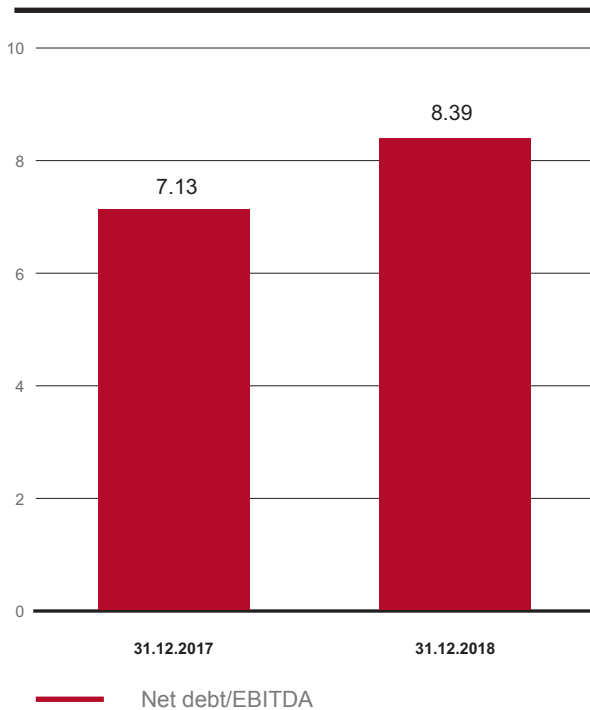
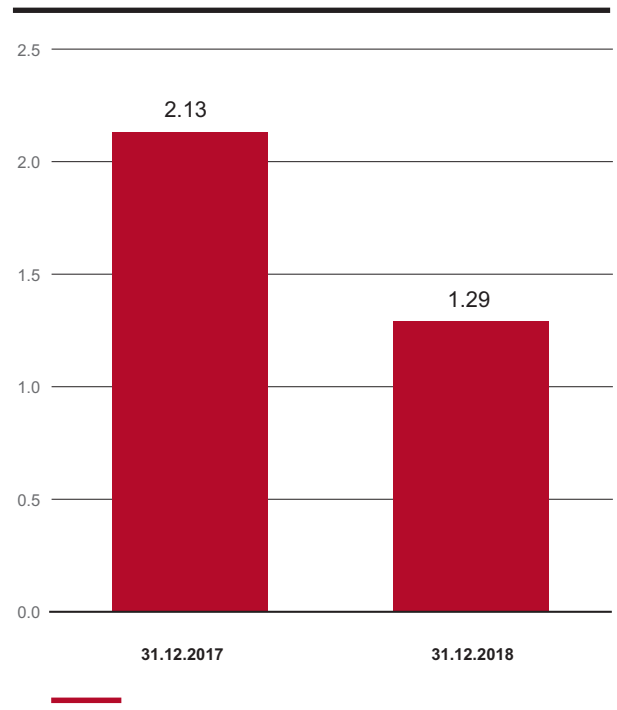
The main events concerning changes in the loans & borrowings portfolio structure of the Group in 2018

- In 2018 the Sberbank of Russia refinanced the loans & borrowings of Kolomensky Shopping Center (LLC) and Prazhsky Grad Shopping&Restaurant Center (LLC) to the total amount of 1.4 billion rubles with the credit term of 10 years.
- Sberbank of Russia opened for LLC SRTC (Neighbourhood Shopping Centers "Small") a loans & borrowings line to the amount of 0.5 billion rubles with the credit term of 10 years.
- VTB Bank opened for LLC GarantStroyInvest (Retail Park Shopping Center) a loans & borrowings line to the amount of 3.1 billion rubles with the credit term of 7 years with the possibility of extending it to 3 more years.
- On August 27, 2018, Garant-Invest Commercial Real Estate (JSC) placed the 4th issue of exchange-traded bonds of series 001P-04, identification number of the issue 4B02-04-71794-H-001P dated August 27, 2018. Total nominal volume of the issue was 500 million rubles, with a maturity of 2 years. The coupon rate will be 12.00% a year.
- In 2019 the Sberbank of Russia refinanced the credits of Landlord LLC to the total amount of 0.6 billion rubles with the credit term of 10 years.
- On March 15, 2019, within the framework of the registered program for exchange-traded obligations the 5th issue of bonds 4B02-04-71794-H-001P to the amount of 6 billion rubles was placed, with coupon yield on the 12% annual rate and the maturity of 5 years.

No breaches of covenants for credit agreements in 2018 and 2019 (up to the date of approval of the annual report) were registered.

In 2018 the net debt/EBITDA ratio grew to 8.39 because of the growth of the total debt burden due to issuance of bonds and expansion of principal credit portfolio debt in the reporting period. The growth of credit portfolio is due to the growth of value and quality of the collateral in 2018, which during the refinancing of the debt made it possible to receive additional credit resources while keeping the same collateral and complying with credit covenants.

The Company's financial policy is directed towards lowering this ratio within the horizon of 3-5 years.

Net debt/EBITDA**EBITDA/net interest payments**

The current ratio (EBITDA/net interest payments) reflects the excess of EBITDA over the interest amount and characterizes the stability of financial position and the ability of the company to service its debt.

The year 2018 saw the additional raising in the amount of 500 million rubles through the bond program for implementation of the RE Program and the net raising of credits to the total amount of 856 million rubles. This became possible due to the growth of value of the collateral and conservative credit management of the top management of the Company, which is focused on the Company fulfilling all its obligations and complying with covenants for the credit portfolio.

Net assets

The company's net assets grew 14%: from 9,059 million rubles as of December 31, 2017, to 10,357 million rubles as of December 31, 2018, which indicates efficient management of the company's own funds, conservative policy in using credit leveraging when concluding transactions, competent operating management, first of all in the field of developing

At the same time it should be not that the values of the Net debt/EBITDA ratio of the Company in 2017 and 2018 look more attractive than the average industry values for similar public companies active on the USA market with the values of the Net debt/EBITDA ratio from 9.1x to 10x. Due to lack of information about similar companies on the retail real estate market in Russia, stock exchange analysis and reporting data on Real Estate Investment Trusts (REITs) traded on the New York Stock Exchange were used.

relationships with debtors and creditors, including monitoring of the prompt receipt of operating lease money and work with overdue accounts receivable.

Cash flows, million rubles

Abbreviated cash flow statement	2018	2017
Profit before tax	1,703	3,622
Adjustments for:	0	0
Depreciation of PPA	44	79
Loss allowance for expected credit losses, advances granted, accounts receivable and other assets	(15)	10
Change in fair value of investment property	(1,405)	(2,079)
Unrealized gains from revaluation of foreign exchange	453	(335)
Others	563	(474)
Cash from operations before changes in working capital	1342	824
Changes in working capital	(47)	(422)
Income tax paid	(7)	(3)
Net cash flow from operating activities	1,288	399
Net cash used in investment activities	(2,338)	(3,572)
Net cash flow from financial activity	1,090	3,243
Effect of changes in exchange rate on cash and cash equivalents	(3)	(1)
Net change of cash and cash equivalents	37	69
Cash and cash equivalents as of the beginning of the year	112	44
Cash and cash equivalents as of the end of the year	150	112

Net amount of cash flows from operating activities as the result of 2018 was 1,288 million rubles, which is 222% higher than the similar data from 2017. The key nonmonetary adjustments for reducing the profit before tax to the net amount of monetary assets from operating activities are related to:

- changes in provisions against depreciation of stocks, accounts receivable, other assets;
- changes in change in fair value of investment property;
- changes in revaluation of assets and liabilities in foreign currency.

The significant increase in cash flow from operating activities was the result of the work done by the Group on reduction of the terms of the receivables turnover and improving their quality, increase of advances on operating lease and security deposits received from tenants, restructurization of accounts payable.

Corporate governance

The corporate governance system of Garant-Invest Commercial Real Estate (JSC) has three levels and permits redistributing competencies between the managing bodies of the Company and the heads of business units depending on the nature of the decisions taken.

The key corporate governance principles of the Company are the following:

- transparency of management processes for shareholders, investors and contractors;
- consummate professionalism of the members of the Board of Directors and its active participation in strategic planning and control of business processes;

- existence of protocols for making investment decisions;
- special attention of the Board of Directors to transactions with related parties and other situations where a conflict of interest may emerge;
- improving the level of corporate governance in the Company's subsidiaries.

The said principles are used in all the areas of the Company's activities, including strategic and financial management, HR and social policies, preparation of reports, control and audit, risk management.

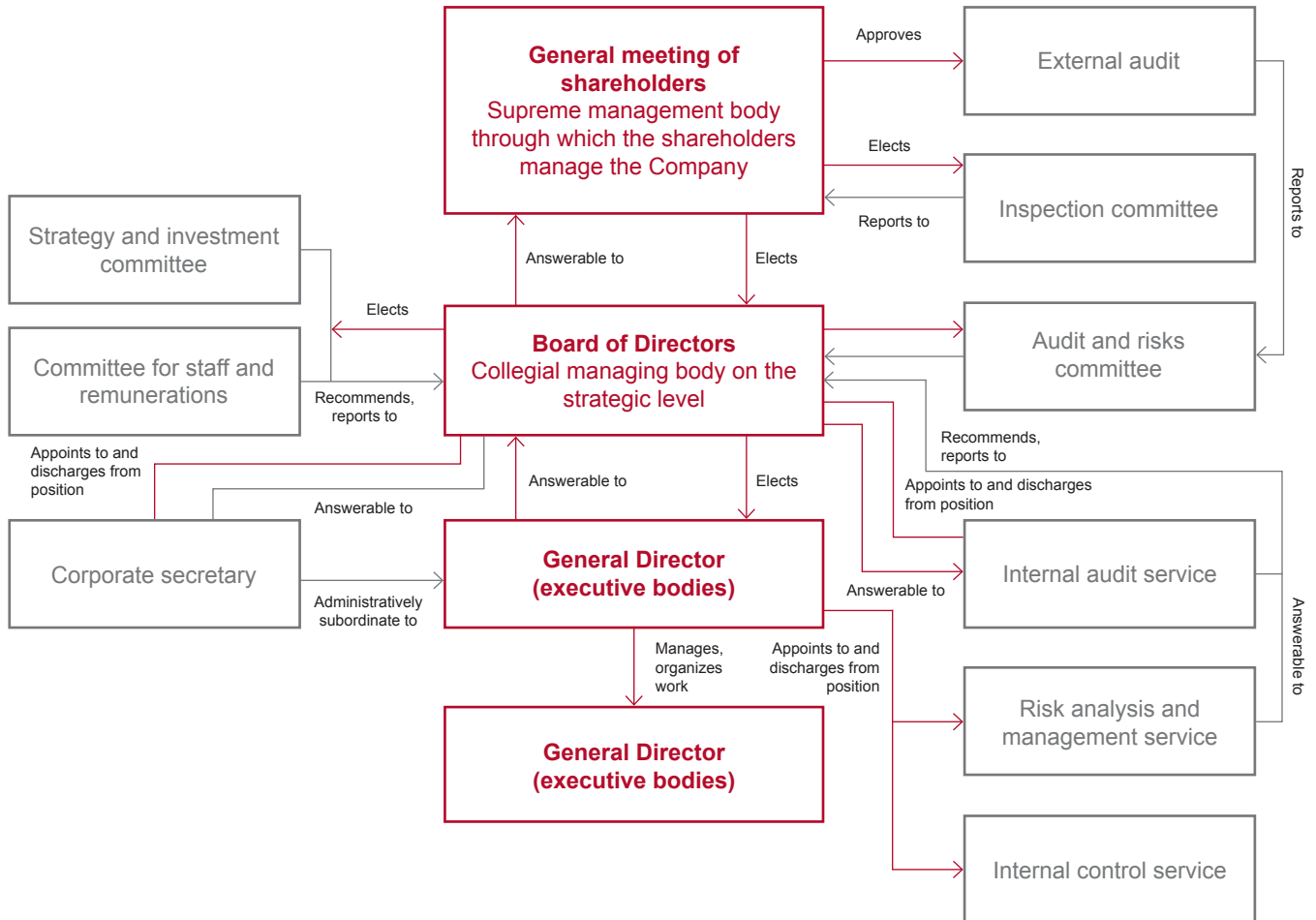
General information about corporate governance

The Company is committed to compliance with corporate governance norms and standards. The corporate governance system adopted by the Company complies with the requirements of the laws of the Russian Federation, including Federal Laws "On Joint-Stock Companies" and "On the Securities Market", of PJSC Moscow Exchange, the provisions of the Corporate Governance Code recommended by the Bank of Russia.

Prompt and complete disclosure of information, compliance with internal regulations and procedures on the level of the managing bodies of the Company, its subsidiaries and business units permits the Company to comply with the requirements of the laws of the Russian Federation and to improve continuously its corporate governance practices.

The corporate governance system of Garant-Invest Commercial Real Estate (JSC) allows reasonable redistribution of authority between different levels of management of the Company and heads of business units.

Corporate governance structure of Garant-Invest Commercial Real Estate (JSC)



General meeting of shareholders

The Company's corporate governance system is targeted towards creating trust between all related parties, protecting the interests of all shareholders of the Company independently of the size of the share packages they own, following elevated standards of corporate ethics and providing high quality of management decisions made.

Principles of interaction with shareholders:

- protection of rights and interests of all the shareholders;
- guarantee of equal and fair treatment of all the shareholders;
- full compliance with law in all the aspects of business activities;
- maximum transparency in all activities through corporate governance procedures as well as through maintaining efficient independent internal audit system;
- fair and equal opportunity for shareholders to participate in the Company's profits through receiving dividends;
- reliable and effective methods of keeping track of share rights and possibility of disposal of shares;
- improving the level of corporate governance in the subsidiaries.

Board of Directors

The Board of Directors of Garant-Invest Commercial Real Estate (JSC) is a collegial body managing the Company's activities with regard to strategic management and control of budget and investment plans, risk management and the internal audit function within the Company and its subsidiaries. The members of the Board of Directors do not own shares in the authorized capital of the Company.

The Board of Directors executes its key functions through the work of relevant committees attached to the Board of Directors. The members of the Board of Directors are notable for their years of experience in various spheres touching upon the Company's activities – from development and construction to managing rental relations, from building relationships with financial institutions to project management and investment management. Such diversification permits the Board of Directors to manage successfully the complex issues of corporate governance of the Company within the framework of their competencies.

The Board of Directors was elected at the extraordinary meeting of shareholders 17.09.2018. The Board of Directors includes Aleksandr Ivanovich Borisov as an independent director. The addition of an independent director to the Board of Directors is seen by the Company as one of the key instruments of improving the corporate governance practice. The Board of Directors regularly analyzes the state of the

corporate governance system in the Company, its compliance with the strategic goals and current objectives of the Company, and this function of the Board of Directors will be strengthened due to the Company's active work on the public corporate loans market.

The Board of Directors realizes the importance of timely and detailed disclosure of information on the activities of the Company based on the requirements of the laws as an instrument for developing longterm mutually profitable relationships with shareholders, creditors and other business partners. For this reason the Board of Directors views the control over an effective system of disclosure of information in public sources and timely provision of access to them by shareholders as one of its most important functions.

In its work the Board of Directors pays especial attention to managing risks and to the state of the internal control system corresponding to the level of risks taken. The Board of Directors has approved the Risk Management Policy that sets down a complex approach for working with risks both on the level of the Company and on the level of its subsidiaries, the owners of shopping centers and other retail properties. The Board of Directors strives to assess and analyze the opportunities for further development and improvement of the risk management and internal control system at least once a year.

Clearing a conflict of interest

The set of measures of the Company intended for identifying, prevention and complex clearing of a conflict of interest for the members of the Board of Directors prescribes:

- in case of emergence of a potential conflict of interest, including in case of having an interest in the conclusion of a transaction, to inform about this the Board of Directors of the Company, the chairman of the Board of Directors or the corporate secretary of the Company in writing before the discussion of the issue on which the members of the Board of Directors have a conflict of interest;
- to refrain from any actions that will lead or potentially can lead to an emergence of a conflict of interest;
- to refrain from voting on issues in which the members of the Board of Directors have a conflict of interest, and in cases where this is required by the nature of the issue discussed or the specifics of the conflict of interest, not to be present during the discussion of this issue on the meeting of the Board of Directors;
- to inform the chairman of the Board of Directors and/or the corporate secretary of the Company about the persons connected to and affiliated with the director;
- to inform the Board of Directors of the Company about the ownership of the securities of the Company and the securities (shares) of organizations controlled by it and about the intent of executing transactions with the securities of the Company and/or the securities (shares) of organizations controlled by it as well as about the transactions executed by the director with such securities (shares);
- not to accept gifts from parties with an interest in decisions made by the Board of Directors of the Company and not to use any other direct or indirect benefits offered by such parties (except for tokens of attention in accordance with common courtesy or souvenirs when conducting official events).

Members of the Board of Directors**Andrey Anatolyevich
Gretsov****Status: Chairman of the Board of Directors**

Date of election 06.08.2009

Education:

1984 – D.S. Korotchenko Kiev Institute of National Economy, major Banking and Finance, qualification Economist.

1990 – graduate school of the D.S. Korotchenko Kiev Institute of National Economy.

2009 – London Business School, Senior Executive Program

2017 – Institute of Directors of the United Kingdom, Diploma in Company Direction.

**Aleksey Yurievich
Panfilov****Status: Executive Director**

Date of election 06.08.2009

Education:

1995 – N.E. Bauman State Technical University, major Electronic Engineering.

1995 – Sedicom International Management and Business Center, Eindhoven, the Netherlands, Financial Management, practical training at the ABN-AMRO Bank, the Netherlands

1997 – Higher School of Economics (the State University of the Russian Ministry of Economic Development and the Russian Ministry of Education), major Banking and Finance.



**Aleksandr Ivanovich
Borisov**

Status: Independent director

Date of election 17.09.2018.

Education:

1970 – Military Institute of Foreign Languages.

1986 – further professional training at the Municipal Management Institute.

1994 – further professional training at the Academy of National Economy of USSR in Moscow.

1996 – study at the Hanyang University in Seoul (South Korea).



**Igor Leonidovich
Kasyanov**

Status: Non-executive director

Date of election 06.08.2009.

Education:

1982 – Moscow Institute of Electronic Engineering, major Electronic Computing Machines.

1991 – degree of Candidate of Physical and Mathematical Sciences from the Ordzhonikidze Moscow Aviation Institute.

2000 – Academy of National Economy attached to the Government of the Russian Federation, major Banking and Finance, qualification Economist.



**Artyom Gennadievich
Kozovoy**

Status: Non-executive director

Date of election 21.05.2010.

Education:

2003 – Plekhanov Russian University of Economics, major Banking and Finance

Committees of the Board of Directors

There are three committees attached to the Board of Directors: the audit and risks committee, the strategy and investment committee and the staff and remunerations committee.

Risks and Audit Committee of the Board of Directors

Reorganized from the Risks Management Committee by the decision of the Board of Directors (Minutes No. 7 dated 14.08.2018)

- Headed by independent director A.I. Borisov.
- Formulating proposals on risk monitoring, development, monitoring and renewal of the list of key risks in the Company's activities.
- Considering current issues concerning creation and improvement of the risk management system.
- Ensuring efficiency of systems and processes of internal control in what concerns the procedure of compiling and presenting accounting (financial) and internal (management) reports, monitoring the implementation of the requirements of the laws of the Russian Federation as well as internal documents of the organization, preserving the assets of the Company.
- Analysis of reports of the Internal Audit Service on implementation of the inspection plans.
- Preparation of recommendations to the Bank's management bodies concerning carrying out external audits and selection of external auditors.
- Ensuring timely initiation of measures to correct deficiencies in the internal audit system and violations of requirements of the legislation of the Russian Federation, internal documents of the Company and other deficiencies identified by external and internal auditors.
- Preliminary reviewing of risk management strategy, analysis of management of the most significant risks and monitoring of implementation of the set procedure.
- Providing the Board of Directors and the shareholders with complete information about risks (preparing risk sheets and other regular reporting).
- Constant monitoring of the level and status of the risks of the real estate market, first of all that of the commercial real estate.

Statistics as of May 15, 2019

- Conducted since **2016**.
- **9** meetings held.
- **24** issues discussed.

Strategy and Investment Committee of the Board of Directors

Reorganized from the Investment Committee by the decision of the Board of Directors (Minutes No. 7 dated 14.08.2018)

- Determining priority areas of operation, reviewing medium-term and longterm programs of development, business plans and reports on execution of business plans, results of financial and economic activity of the Company as a whole and its subsidiaries.
- Reviewing proposals for joint projects with strategic partners.
- Implementing measures for improvement/optimization of the activities of the Company and organizations controlled by it by financial indicators.
- Participation and termination of participation in other organizations.
- Determining the dividend policy.
- Increase of authorized capital through placement of additional shares that constitute no more than 25 (twenty five) percent of previously placed ordinary shares of the Company.
- Placement of bonds and other equity securities by the Company.
- Preparing reports on request from the Board of Directors of the Company (or recommendations upon its own initiative) on certain issues within the competence of the committee.

Statistics as of May 15, 2019

- Conducted since **2016**.
- **22** meetings conducted.
- **20** issues discussed.

Staff and Remunerations Committee of the Board of Directors

Created by the decision of the Board of Directors (Minutes No. 7 dated 14.08.2018)

- Developing recommendations on the size of remunerations for the Members of the Board of the Company.
- Evaluation of the activities of the person performing the functions of the sole executive body (managing organization, manager) and members of the collegial executive body of the Company.
- Determining the terms of the agreements with the members of the collegial executive body and the person performing the functions of the sole executive body of the Company.

- Determining the criteria for selecting candidates for the collegial executive body, to the position of the sole executive body of the Company and other specific positions in the executive structure of the Company.

Statistics as of May 15, 2019

- Conducted since **2018**.
- **3** meetings held.
- **7** issues discussed.

Executive management bodies

The management of the current activities of the Company is implemented by a sole executive body, the General Director, which position is occupied by Aleksey Yurievich Panfilov. The activities of the General Director, his or her functions and competences, rights, obligations and responsibilities are

regulated by the laws of the Russian Federation, the Articles of Association of the Company and the Agreement concluded with the General Director of the Company. The General Director does not participate in the authorized capital of the Company.

Rental Committee attached to the General Director

Created by the decision of the General Director (order dated 14.01.2016 No.1/1in)

- The Rental Committee is chaired by the General Director
- It consists of the top management of the Rent Department and the heads of the shopping centers.
- The rental committee is responsible for making decisions concerning the selection of tenants, the continuation of working with the tenants, establishing rental relationships and approving their terms.
- Implementation and control of decisions taken concerning the work with potential and current tenants.
- Exchange of information between the members of the committee concerning the ongoing work with potential and current tenants.

- Proposals for change (unification/separation) of lots, conducting construction, assembly and finishing work to prepare lots for tenancy.
- Non-rental income, significant events of the month, events and promotions conducted and planned in a specific shopping center.

Statistics as of May 15, 2019

- Conducted since **2016**.
- **165** meetings conducted
- **1100** issues discussed

System of remuneration for management bodies

The system of remuneration used by the Company is based on the following key principles: transparency, openness, amount of individual remuneration fitting for the results achieved as well as for the nature and scale of the business of the Company, the results of the activities of the Company, the level of risks accepted.

For 2019, the development and implementation of the Company policy concerning remuneration for the members of the Board of Directors is planned, as well as of the Company policy concerning the remuneration for the General Director

and other key top managers, including the development of mechanisms and criteria for determining the amount of remuneration, the terms and conditions of payment, determining individual and corporate complex performance ratios that permit taking into account the input of the members of the Board of Directors and the top managers into the result of the Company's activities, etc. When developing the policy concerning remuneration the Company plans to act in accordance with the provisions of the Corporate Governance Code approved by the Bank of Russia.

Tangible and intangible incentives

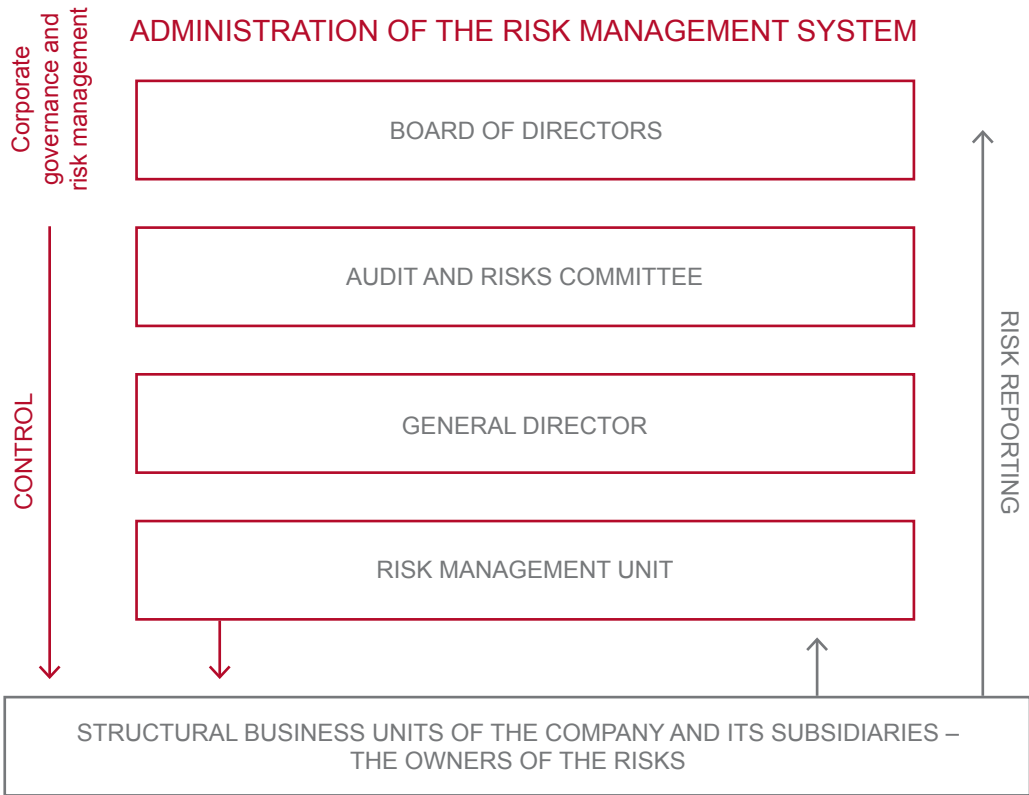
The tangible incentives for the employees of the Company are based on the following key principles:

- direct correlation with economic results of the Company, unit and individual results of activities of specific employees;
- clearness and transparency of the implementation of the system of material incentives for employees (including calculation of the employee's personal input into the common performance);
- maximum possible involvement of the employees into the Company's activities through creating personal involvement in achieving effective results.

The company's intangible incentive methods help demonstrate loyalty towards personnel, reward the input into the common activity as well as create a comfortable environment for professional growth and career advancement and good working conditions. The employees are given letters of thanks, honorable distinctions, certificates, competitions are held that award the title of "Best employee" in the profession, the employees are sent for training and conferences, including abroad.

Risk management and internal control system

The Company views risk management as one of the important components of longterm strategic management, increase of value of the company and improvement of the operating efficiency of its activities. The risk management system is directed towards prompt identification of risks to reduce probability and scale of potential losses



Main risks

The Company identifies and systematizes risks into five primary groups. All the risk groups are subject to regular monitoring.

Group I: Strategic risks, which are the risks generated by uncertainty factors in strategic and business planning.

This group of risks includes the following risks of a global nature:

- political risks: state policies; internal political situation;
- economic risks: rate of inflation; decline in real income of the population; decline in the consumer purchasing power; slowdown in economic growth.

Group II: Financial risks, which are the risks related to possibility of financial losses, negative consequences in the form of decline in profit, loss of income or capital.

This group of risks includes the following risks:

- liquidity risk;
- credit risk;
- interest rate risk;
- exchange rate risk.

Group III: Operational risks, which are the risks inherent to specific business processes, dependent mostly on the factors of the Company's internal environment or its industry-specific particularities.

This group of risks includes the following risks:

- risks related to changes in ratio of demand to offer (B2B and B2C): increased vacancy rate; the tenant portfolio is not balanced by tenant profile; decline in shopping center traffic;
- risks related to competitive environment;
- risks related to relationships with tenants: growth of overdue rental payments; pre-term cancellation of rental agreements ("lost profit"); change in the structure of rental rate; change in the currency of rental rate;
- risks related to project implementation: capital construction, renovation, etc.;

- risks related to material and technological obsolescence of buildings and equipment: increased number of emergencies related to equipment, decrease in competitive advantages related to other shopping centers, decrease in popularity among visitors;
- risks related to changes in prices for services and equipment used by the Company and its subsidiaries;
- technological risks: servicing rental areas; operation of escalators and elevators, engineering and other equipment;
- personnel policy risks;
- image risks: reputational risks.

Group IV: Information security risks, which are the risks related to the danger of damages or losses as a result of the use of information technologies by the Company, including loss of information that is important for the company, as well as connected to creation, transfer, storage and use of data using electronic media and other tools of communication.

This group of risks includes the following risks:

- risks related to information integrity;
- risks of providing necessary resources: software; information; equipment;
- risks related to information management.

Group V: Legal risks, which are the risks related to compliance with legal requirements, including, among others, property management and corporate governance.

This group of risks includes the following risks:

- risks related to changes in legislation in the industry (real estate);
- risks related to changes in legislation concerning fiscal regulation;
- risks related to changes in legislation concerning currency regulation;
- risks related to interaction with governmental bodies.

Another basis for classification is the significance of the risk (degree of impact of the risk):

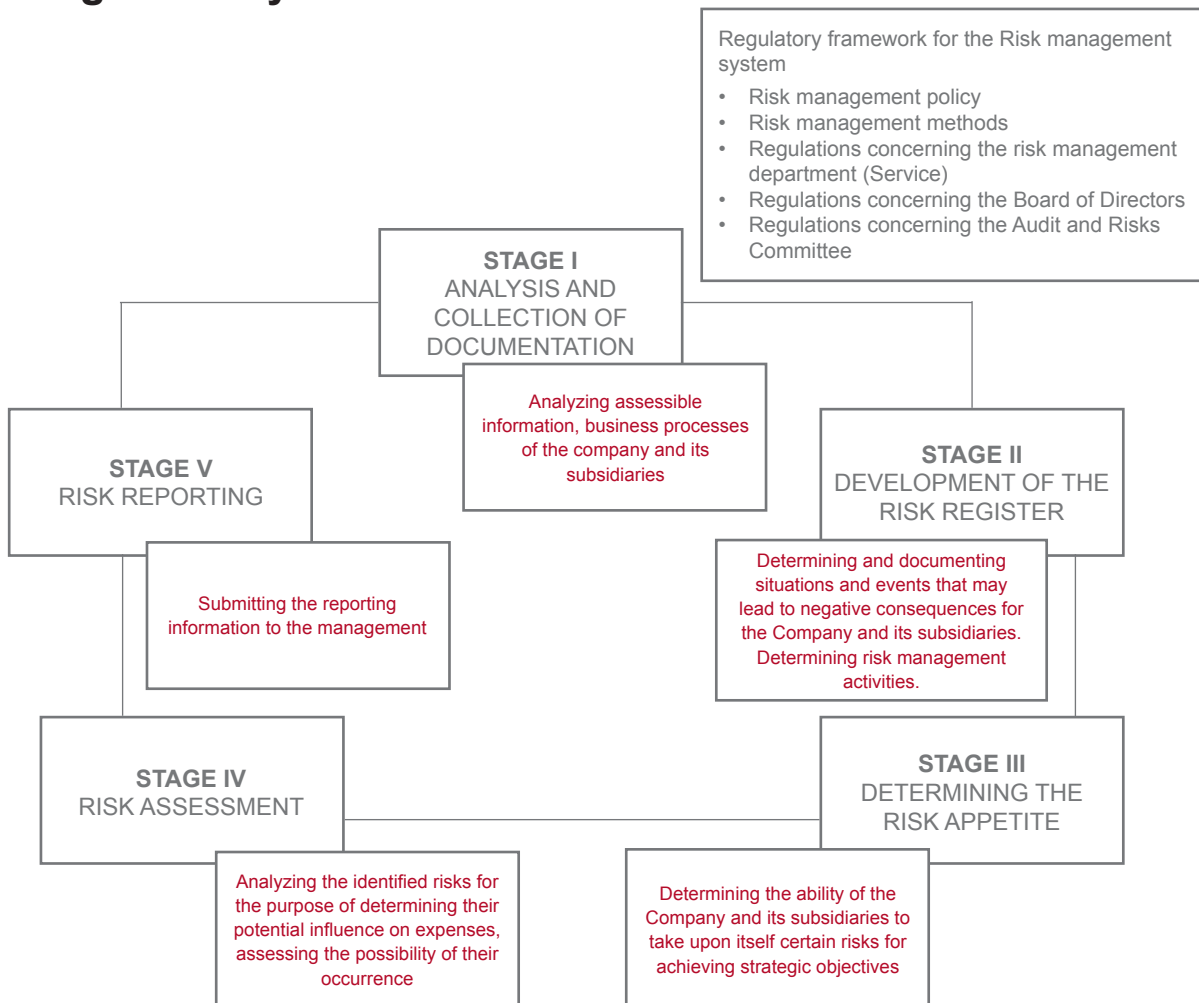
- Critical risks are the risks that threaten the stable functioning of the Company and its subsidiaries. Stable functioning is understood as providing investment attractiveness, effectiveness and profitability of the Company, reliable power supply, implementation of all the business processes of the Company. The issues related to considering and making decisions on minimization of critical risks fall within the competence of the Board of Directors of the Company.
- Substantial risks are the risks that have a substantial influence on the results of the financial and economic activity of the Company and its subsidiaries and may make the Company's stable functioning significantly worse.

Stable functioning is understood as providing investment attractiveness, effectiveness and profitability of the Company, reliable power supply, implementation of all the business processes of the Company. The issues related to considering and making decisions on minimization of substantial risks fall within the competence of the Board of Directors of the Company.

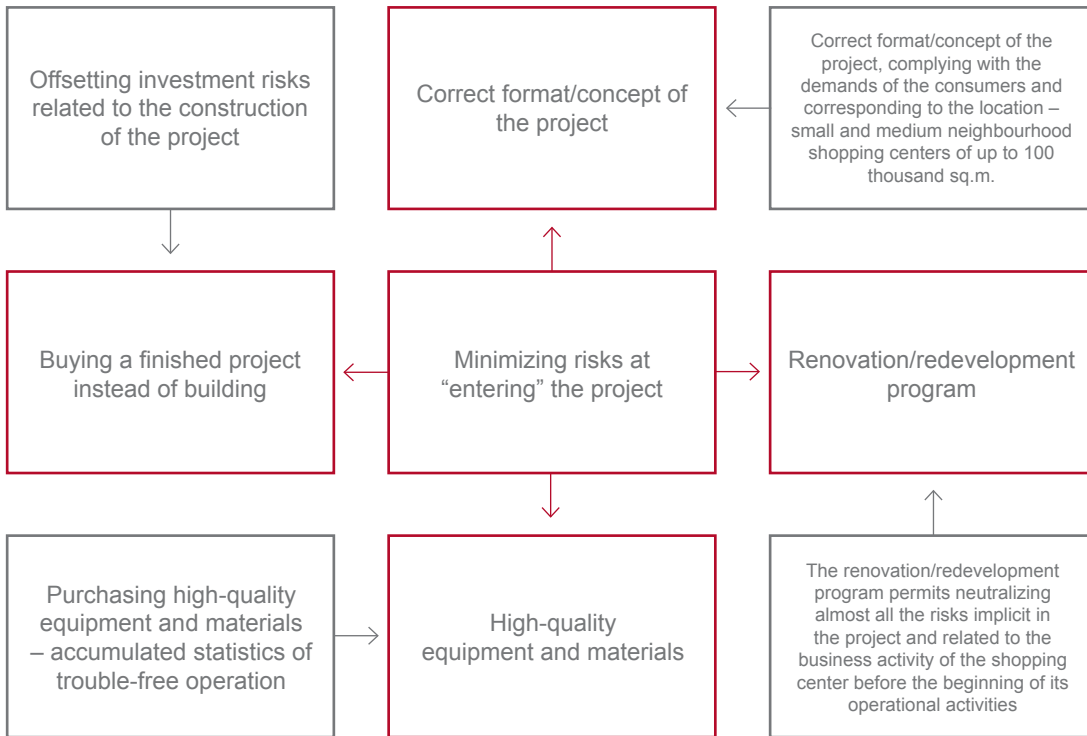
- Significant risks are risks that can significantly influence the results of the Company's activities, but will not lead to the destabilization of its activities. Considering and making decisions on minimization of significant risks fall within the competence of the Board of Directors, the Audit and Risks Committee and the executive bodies of the Company (sole executive body).

Insignificant and negligible risks are the risks the level of which is on an acceptable level and is controlled by the line management of the Company and its subsidiaries.

Stages of the risk management system



Risk minimization methods



Anti-corruption policy

The competence of the Board of Directors shall include fighting corruption through approval of Anticorruption policy as well as other internal regulation documents of the Company providing a complex of measures, standards and procedures directed towards prevention of such violations, reducing the reputational risks for the Company and risks of it being found legally liable for involvement in corruption.

Within the framework of fighting corruption, the Company regularly checks its partners and candidates for top and line management positions as well as assesses risks related to corruption.

The Anticorruption policy of Garant-Invest Commercial Real Estate (JSC) is planned to be approved in 2018.

Sustained development

Responsible business management is a basic value of the Company and a key to sustained development and strengthening of its position on the retail realty market of Moscow. The main objective of the Company from the point of view of social responsibility is providing in its shopping centers a new quality of shopping, entertainment, food and social communications for the population of Moscow.

Managing shopping centers

15 years of experience managing retail properties permit Garant-Invest Commercial Real Estate (JSC) to create retail spaces which are convenient for both visitors and tenants and include stores of various brands, both international and Russian. In this regard especial attention is paid to forming and sustaining mutually profitable relations with tenants, the main consumers of developer projects, and the composition of the tenants is subject to constant monitoring and optimization.

The company's employees possess unique experience in managing shopping, business and mixed-use centers and enjoy a well-deserved reputation in the professional community, and this lets Garant-Invest Commercial Real Estate (JSC) manage its retail properties in an efficient way.

In most cases the managers managing the properties have participated in the development of their concept, monitored the construction and selected the optimal pool of tenants. This means a higher level of management in comparison to other companies.

The understanding of the market and stable relations with retail companies in combination with the winning locations of all the properties of Garant-Invest Commercial Real Estate (JSC) give our company an opportunity to create exceptionally successful concepts of shopping centers.

The operating activities of the company include managing real estate properties, offering rental services to companies (mostly in the retail sphere), marketing activities and ensuring efficient operation of the properties. The rental income constitutes the main part of the company's revenue.

The company also receives non-rental income from sources including marketing and other services for tenants; the relative weight of such services keeps growing and as of 01.07.18 it constituted 6.59%. In foreign practice this share reaches 20%.

Garant-Invest Commercial Real Estate (JSC) operates all its properties on its own, involving contractors only for implementing special works such as cleaning, elevator servicing, fire prevention systems, etc. For the purposes of maximum increase in profit from the current operating activity the company pays especial attention to control over expenses and their optimization.

The Company's shopping centers are equipped with the most modern technological equipment and engineering systems. The service life of the equipment and systems depends on their use and on their manufacturers, with regulation service life from 10 to 30 years and higher.

Significant investments into engineering systems, safety systems, operation of shopping centers and their competent design ensure reliable and safe operation of the equipment within the standard service life of 10-30 and more years.

The shopping centers are highly energy-intensive real estate assets with a significant percentage of expenses on energy consumption within the expense structure. Garant-Invest Commercial Real Estate (JSC) regularly conducts a complex of measures for reducing said expenses, as well as develops automation and dispatch control.

Digital technologies

Modern digital technologies are introduced in all the shopping centers of the Company. The management and the Board of Directors of the Company see the digitalization as one of the drivers for the traffic at the retail properties and the value of business.

The main digital instruments used are directed towards monitoring and increasing traffic, analysing and increasing the goods turnover, interacting with the visitors for the purpose of creating a loyal audience.

- Generating footfall statistics – installing the sensors of a visitor counting system in shopping centers, which allows conducting analysis of traffic to shopping centers, analysis of conversion of streams of shoppers, commodity turnover analysis, using special services to conduct recurrent geomarketing research – analysing catchment areas, studying target audience, the profile and behavior of a shopping center visitor.
- Involvement and digitalization of visitors – forming a database of visitors, collecting data through special forms on websites and social media profiles, polling shopping

center visitors using digital kiosks for the following distribution of push notifications.

- Achieving two-way communication through all the popular social media, messengers and websites. Successfully used – SMM, direct, targeting promotion of marketing programs and events. Crossmarketing, that is, link exchange has been established with partners and key tenants.
- Modern navigation systems – there are touchscreen kiosks with detailed information and navigation installed in shopping centers, the websites of the properties include interactive plans of the shopping centers, there are feedback and visitor satisfaction kiosks installed.
- Digital advertising facade and indoors surfaces (outdoor and indoor advertising) – LCD panels, video screens, media facades.
- Modern websites with mobile versions.
- Free WiFi spots established for the convenience of the shopping center visitors.

Interaction with related parties

Interaction with tenants

One of the main strategic goals of the Company is establishing longterm mutually profitable relations with its customers – tenants of shopping centers, as well as reinforcing the status of the Company as a business partner attractive for first-class international and Russian retailers.

The first priority of the Company is offering comfortable terms to tenants for conducting successful and effective activities. Garant-Invest Commercial Real Estate (JSC) is a reliable longterm landlord with a 15-year history of success: the Company's subsidiaries signed a rental agreement for 15 years with the first OBI store in Moscow belonging directly to the German chain, as well as long-term contracts with European retail leaders: H&M (30 years), AUCHAN (24 years) and others.

There are stores and restaurants of both major foreign and Russian chain brands located at the retail spaces – altogether more than 430 tenants, including the leaders of Russian and

international retail.

The Company's shopping centers regularly hold promotions jointly with tenants and key partners.

All the shopping centers of Garant-Invest Commercial Real Estate (JSC) offer a wide range of opportunities for conducting various BTL activities and setting up pop-up stores in their spaces.

Such events permit strengthening the loyalty of the visitors of the shopping centers, simultaneously advertising the goods of the tenants, increasing the purchasing powers of the target audience through creating additional incentive for buying.

Online sales as a threat to shopping centers

After the arrival of the age of online shopping, there's no need to go from store to store to find a book you need, a movie, an unusual gift, electronics or household appliances or many other categories of goods. As a result, the range of some goods in the stores significantly decreased, and some goods and titles either disappeared completely, moving to online stores, or were cut down to a minimum. As expected, this situation also affected the clothing segment.

After the online sales technology came to the fashion segment, the shopping centers immediately lost the buyers that did not like fashion shopping in general and did it out of need when there was no alternative. Then they were followed by those who were often displeased by lack of the sizes and colors they needed.

The aforementioned aspects create a serious risk of reducing the traffic and, correspondingly, the profitability for square meter, if some of the lots are not promptly replaced by tenants from the categories which, due to the specifics of their offer, cannot use online platforms.

The Company understands this risk and focuses on long-term interaction with tenants from the fast food segment, DIY and service sector chains, switching the lots previously occupied by fashion tenants to tenants with another profile: food services, entertainment – the segments where the operator sells the services, that is, first of all the atmosphere and the opportunity for social communication.

Interaction with visitors

The shopping centers of Garant-Invest Commercial Real Estate (JSC) offer quality shopping, food and leisure services to the inhabitants of the city. The Company pays a lot of attention to getting feedback from the visitors of its shopping centers, studies their preferences and behavior so as to change with the times and to anticipate the needs and desires of the residents of the city. Such a strategy offers more opportunities for business development.

Lately the behavior of the residents of Moscow changed a lot: until recently the inhabitants of the capital were ready to spend money to go far away to a large mall, but now they are choosing "neighbourhood shopping" and prefer small and comfortable shopping centers. The modern trends for preferences of shopping center visitors:

- comfortable high-quality shopping;
- leisure and entertainment opportunities;
- strengthened food function;
- expanded range of services.

The evidence from practice shows the correctness of the chosen path. One of the trends of this year, which was noticed by many players on the market, is a widespread increase in the share of providers of food and other services in shopping centers.

The rental agreements use a mixed form of rental payments – a share of the commodity turnover, which at the same time has to be no less than basic rental payment (operational expenses and marketing are paid for separately). Therefore the Company strives to be a long-term partner for retail chains, increasing its presence on the market together with them.

The number of rental agreements in which a mixed form of rental payments is used grew twice compared to 2017, the majority of such agreements was concluded in the second half of the year. This permitted to increase the revenue as the percentage of the turnover within the reporting period by 3%.

To ensure the comfort of its buyers and to follow their preferences, the company modernizes its shopping centers within the framework of the RE Program, develops the chain of neighbourhood shopping centers "Small", buys and renovates additional shopping centers. All the retail properties of Garant-Invest Commercial Real Estate (JSC) are located in places convenient for visitors – on busy thoroughfares, near subway stations and residential areas.

Interaction with shareholders and investors

The Company's interaction with shareholders and investors is based on a high level of responsibility, trust, mutual respect, adherence to the rights of the shareholders and transparency of the Company's activities, as well as on building an open and effective dialogue between all related parties with full compliance with laws in all the aspects of the business carried out by the Company. Constructive interaction of the Company with shareholders and investors provides effective asset management and stable development of the Company.

Conducting official meetings with investors, participation in Russian and international forums and conferences, presenting points of view of the Company Management and the members of its Board of Directors in the mass media, regular updating of information about the Company and its news, disclosing significant facts through websites (the Company's webpage at the website of the Growth Sector attached to the PJSC Moscow Exchange, the official website of Garant-Invest Commercial Real Estate (JSC), the page of the company as an Issuer on the Interfax site) offer to all the interested users of information, in particular, investors and shareholders, the access to data concerning the results of activities, news, press releases, presentations, reports from meetings of corporate governance bodies, corporate and community activities, information about management as well as other important information.

When interacting with related parties, the Company uses a large-scale communications system which ensures the completeness, efficiency, objectivity, authenticity, accuracy and accessibility of information.

Interaction with government bodies

The Company interacts with government bodies on the basis of the principles of legality and preservation of the balance of interests of the state and the business.

The interaction of the Company with government bodies is directed towards:

- creating favorable financial, economic and legal conditions for the activities of the Company;
- implementing large investment projects, developing the infrastructure of the regions and creating new workplaces;

Principles of interaction with investors

- Full and timely disclosure of information and maximum information transparency.
- Fulfilling all the undertaken obligations.
- Implementing investment projects and managing expenses for the purpose of improved performance and growth of the value of assets.
- Interacting with investors to get feedback and to comply with the investors' expectations as much as possible.
- Taking into account the preferences of all parties as much as it is possible and active collaboration based on the principles of honesty, openness and mutual respect.

Channels and formats for interaction

- General meeting of shareholders
- Organizing regular meetings with investors.
- Organizing visits to the Company events.
- Interacting with rating agencies to evaluate the Company's investment attractiveness.
- Corporate reporting.
- Corporate website.
- Corporate media.
- Mass media publications.
- Participation of the Company's top management in industrial conferences, seminars and roundtables.

- organizing and conducting joint community programs and measures;
- implementing charity and sponsorship projects;
- participation in developing approaches to regulating the industry;
- ensuring the transparency of the Company's activities for all related parties.

Channels and formats for interaction

- Agreements about socio-economic partnership.
- Seminars, conferences, roundtables, meetings, joint work groups.

Interacting with employees

The social and HR policy of Garant-Invest Commercial Real Estate (JSC) is directed towards increasing the attractiveness of the company for current employees and candidates. The key direction of the Social and HR Policy is ensuring the course towards social responsibility of the business towards the employees of the Company.

Key principles of the social and HR policy:

- active involvement of the personnel of the Company in achieving strategic goals, increasing personal commitment, involvement and responsibility of the employees;
- creating modern and comfortable work conditions;
- creating an environment for professional growth and career development;
- providing employees with stable and reasonably paid work and guaranteed social protection;
- creating a business team that fits the Company's goals and objectives.

The Company uses modern technologies for employee recruitment and has implemented systems for onboarding and mentoring, programs of preparation and development of personnel.

Regular events for the staff are one of the elements of corporate culture. Twice a year there are seminars for top managers, best employees are invited to special seminars abroad, global fairs and conferences for exchange of experiences and studying the best global practices. There is a tradition of organizing meetings with famous sports, culture and arts personalities, collective visits to museums, exhibitions and galleries.

Corporate events are organized on the basis of shopping centers: Subbotnik, Caribbean Evening, Russian Branch, joint corporate New Year event called Alpine Fairy Tale. Usually those events include competitions and awards for best employees in various categories: Best in Profession, Best Manager, Best Mentor, etc.

Special presents and tokens are given to colleagues who have worked for JSC Garant-Invest for 5, 10, 15, 20 and 25 years. And every years the number of such celebrants grows higher.

- Joint implementation of socially significant projects.
- Publications in mass media and corporate media resources.
- Corporate reporting.

Social security and work safety

In its work the Company is guided by the following principles in the work safety sphere:

- ensuring the priority of preserving life and health of employees;
- ability to manage risks in what concerns occupational health of the personnel;
- planning the desired values of indicators for work conditions and work safety;
- monitoring such indicators;
- opportunity for implementation of corrective and preventive actions;
- internal audit of the work safety management system and analysis of its functioning;
- ability to adapt to changing circumstances;
- following relevant national laws and other norms and standards concerning work safety.

Training and incentive programs

Personnel training and development

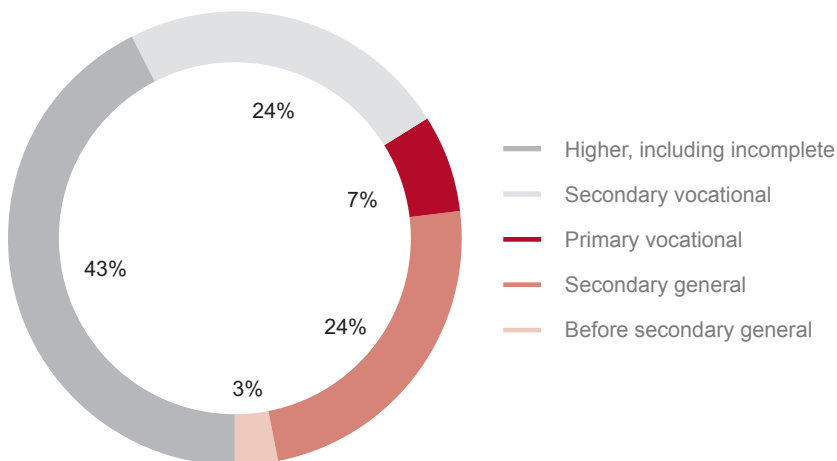
To improve the professional level of the employees of the Company, various training and development programs have been developed and implemented. The training programs involve a wide range of modern techniques: coaching sessions, training programs, programs of further professional education, internships abroad, long-distance studies. The Company has such successfully operating programs as Personnel Reserve, Institute of Deputies, Young Managers, Personnel Rotation. The following HR programs help with the rounded professional and corporate development of our employees: Shadow Trainee, First Deputy, Staff Rotation,

Internal and External Training System, Middle Management Development Program, Feedback System, Mentorship and others. For the last several years the Company has programs in place for students and graduates of universities and other educational institutions.

The Intern and Young Managers programs are directed towards identifying young professionals with potential and providing the continuity and traditions of corporate culture.

One of the main goals of the Company is creating the conditions for the fullest possible realization of the abilities and talents of the employees. JSC Garant-Invest has its own Corporate Code which formulates the philosophy, goals and objectives of the development of the Company.

Level of education



Social support for personnel

Constant improvement of corporate culture, creating conditions for social partnership between the management and the employees, attracting, retaining and motivating worthy employees of the Company as well as caring about their health, performance in the workplace, career longevity, opportunities for self-actualization, conditions of life and work are the main goals of the company-wide program for social support for employees.

The system of social support for personnel includes a complex of benefits, guarantees and compensations that the Company provides for its employees:

- voluntary health insurance;
- presents for children of employees;
- providing corporate mobile service and paying for it;
- providing additional paid leave besides main annual leave;
- reimbursement of expenses for buying an individual gym membership;
- reimbursement of expenses for programs for collective sports activities of the employees of the subsidiaries of the Company;
- reimbursement of food expenses for employees with shift-based working hours.

Corporate sports

Healthy lifestyle and physical fitness of the employees are one of the most important elements of the corporate culture of the Company, a condition for its stable and socially responsible development and functioning.

Managers and employees of Garant-Invest Commercial Real Estate (JSC) do not simply organize general corporate sports events, they are offering a personal example of love for sports and devotion to a healthy lifestyle. Sportsmanship and desire to be active, effective and successful are natural for both the managers and the employees of the Company. The employees and management of the Company regularly participate in sports activities and competitions such as Worldloppet and Euroloppet ski marathons, international running marathons, IRONMAN, bicycling competitions and many others.

Gyms and pools are rented on a constant basis for the employees' regular practices in football, volleyball, swimming and other kinds of sports.

The traditional Sports Days of the Company unite not just rank-and-file employees, but also top management in a healthy competition, and the most large-scale corporate event, the Garant-Invest Spartakiad, is a significant event in the sports life of all our employees.

In 2018, within the framework of the Spartakiad the employees participated in 22 various competitions in such sports as track and field, table and lawn tennis, volleyball, etc. The grand opening took place in the Sports Center of the Moscow State Bauman Technical University, and the closing ceremony took place in the Izvestia Hall. The most notable event of the sixth Spartakiad was the track and field meet that took place on the Znamensky Brothers Stadium.

The winners were given their awards by legendary Russian champions: four-time Olympic champion and five-time world champion in artistic gymnastics Aleksey Nemov, Olympic Champion and twice world champion in speed skating Svetlana Zhurova, twice world champion and seven times European champion in figure skating Irina Slutskaya, Olympic champion and world champion in basketball Ivan Edeshko, Olympic champion and six times world champion in hockey Vladimir Myshkin.



Social responsibility

Support of the sports

Garant-Invest Commercial Real Estate (JSC) has for years supported veterans of legendary competitions, young talents and orphaned children. The Corporation also has its own sports traditions. Sports and healthy lifestyles are promoted both within the community and in corporate environment.

JSC Garant-Invest sponsored many sports events, including the ski marathons of Russia: the Moscow State Technical University Marathon, the Miao Chan Marathon and Yulia Chepalova Cup, the Rochev Cup as well as such ski competitions as Star Sprint and Garant-Invest Sprint with the participation of legendary Olympic champions.

JSC Garant-Invest provides sponsorship for Russian Marathon Team. As a part of the festivities related to the 80th anniversary of the Dinamo Tennis Club and 105th anniversary of the opening of the first tennis courts JSC Garant-Invest held a tennis tournament. The Company also organized the Russian All Star Game for basketball and many other prestigious and local competitions. It is worth noting that the managers and employees of Garant-Invest Commercial Real Estate (JSC) have established great partnership and friendly relationship with many stars of the Soviet and Russian sports. The meetings of the employees of the corporation with

legendary sportspeople, world and Olympic champions are always memorable, and their outstanding achievements in sports are an example for us.



Programs for children

One of the directions of social activities of Garant-Invest Commercial Real Estate (JSC) is supporting the younger generations. The company regularly implements programs the purpose of which is the creative, intellectual and sports development of children and teenagers.

On the basis of its shopping centers Garant-Invest Commercial Real Estate (JSC) regularly holds children's festivals dedicated to various occasions and entertainment programs the participation in which helps a child discover his or her creative potential. These programs always have a lot of young Moscowite participants. They are named with reference to best-loved children's books and cartoons and parents and children already started to associate these programs with an interesting and useful way to spend time: Crazy Science, Cartoon Parade, Searching for Golden Key, The City of Craftspeople, The Birthday of Winnie the Pooh, Draw with Us, Leopold the Cat's Treasure, Carlson in Childhood City, Vacations on the Treasure Island, Journey to Madagascar, etc.

In each of its shopping centers, Garant-Invest Commercial Real Estate (JSC) offers space for organizing educational and game areas. The company created the Parkwick family center for children's development and it functions successfully, offering educational and entertainment programs, adventure quests, entertaining master classes and scientific and educational shows. There are children's playgrounds in almost all the shopping centers of the Company. For example, very popular among the visitors of Moskvorechie Shopping and Entertainment Center is the Children's Club where well-known book characters teach useful skills to children in a game format: from basic math skills to drawing, dancing, and origami from colored balls. The PEROVO MALL shopping and entertainment center opened several specialized cozy rooms for family and children's festive occasions.

Garant-Invest Commercial Real Estate (JSC) also organizes children's spaces outside of the shopping centers, on

attached land plots. The Company made a unique present to the young residents of Moscow – Children's Wonder Park built according to a special project next door to the Retail Park Shopping Center on a space of almost 1,900 sq.m. It includes playgrounds, swings, sandboxes, a read wooden palace and a mini zoo with both domestic animals and birds – piglets, ducks, geese, turkeys – and such forest animals as hedgehogs and squirrels.

As a community-focused Company, Garant-Invest Commercial Real Estate (JSC) always tries to help the development of the younger generation as much as possible, integrating their developer and sponsor projects with child development projects.



Support for veterans

Garant-Invest Commercial Real Estate (JSC) takes care of war veterans. This includes direct financial support of veterans, implementation of various programs including the Social Card of a Moscow Resident directed towards offering discounts for many types of food and other essential goods for veterans and other senior citizens. Also, in partnership with many veterans' councils of the city of Moscow the Company regularly organizes memorial and festive events. One of the annual traditions is to hold meetings, concerts and festivals for war veterans and veteran workers related to the celebration of the Victory Day on the territory of the shopping centers of Garant-Invest Commercial Real Estate (JSC). The shopping centers of the Company hold traditional

annual celebrations of the Soldier Glory Days, install booths and memorial boards with photos of the heroes of war who lived on the territory of the district where the shopping center is located.

Intent on preserving the contact between generations so that today's children and young people would never forget the heroism of their grandfathers and great-grandfathers, Garant-Invest Commercial Real Estate (JSC) tries to involve as many young residents of Moscow – students and volunteers – as possible for conducting annual festive events.



Preservation of cultural heritage and public events. Development of infrastructure

Garant-Invest Commercial Real Estate (JSC) participates in the preservation of the country's cultural heritage and the support of the arts. The Company and its shopping centers sponsor anniversaries and creative evenings and various festivals and competitions.

Organizing and assisting in organization of public city events: holidays, festivals and fairs, as well as implementation of municipal improvement programs constitute one of the key directions of the Company's activities. The corporation builds children's playgrounds next to its shopping centers and stores, develops public gardens, creates a modern improved landscape and an environment for social communication for the benefit of the peoples of Moscow.

The projects that have been implemented include: creating a public garden on the space of 1 hectare in the Northern Administrative District, improvement of the Telman Square on the Leningradsky Prospect for holding whole-city events,

improvement of the territory of the Moskvorechie-Saburovo district, building a fountain in the Zyablikovo district, improvement of the territory in the town of Khimki of the Moscow Region.

Together with Panasonic, the Company implemented several ecological projects for improvement of the territories next door to the Tulsky Mixed-use Center, the most significant of which was their joint gift to the city, the Tulsky Alley with a real Japanese garden.

Sports grounds for children were built in the Biryulyovo East, Zyablikovo and Airport districts, playgrounds were built on Bulatnikovskaya and Shipilovskaya street, a mini-park for children and their parents was created on Donskaya street near the Temple of Disposition of the Robes. Several children's sports grounds were restored in the Southern Administrative District of Moscow.



Appendices

Disclosure for significant transactions

1) Date of transaction: January 17, 2018;

subject of the transaction and its other significant terms: the Issuer concluding a security and pledge agreement for 100% (hundred per cent) of the share in the authorized capital of LANDLORD LLC (OGRN 1117746436390, INN 7708740421) with nominal value 178,500,000 (one hundred seventy eight million five hundred thousand) rubles with pledge value 53,500,000 (fifty three million five hundred thousand) rubles at PJSC Bank Finservice (OGRN 1087711000013, INN 7750004270);

parties to the transaction: Pledger – Issuer, Pledge Holder – PJSC Bank Finservice;

amount of transaction in cash and as a percentage of the value of the assets of the issuer: 53,500,000 (fifty three million five hundred thousand) rubles, 128.6%;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – 25.05.2019;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision

was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: the said transaction is approved by the Board of Directors of the Company dated 17.01.2018.

2) Date of transaction: January 30, 2018;

subject of the transaction and its other significant terms: refundable loan granted by the Issuer (hereinafter Loan Holder) to Limited Liability Company Landlord (hereinafter Loan Recipient) according to Additional agreement to the Loan Agreement dated December 28, 2017, (hereinafter Loan Agreement);

parties to the transaction: Loan Holder – Issuer, Loan Recipient – LANDLORD (LLC);

amount of transaction in cash and as a percentage of the value of the assets of the issuer: the amount of the loan issued according to the Loan Agreement constitutes 200,000,000 (two hundred million) rubles, which constitutes 480.77% of the book value of the assets of the Issuer as of 31.12.2016;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – the repayment by the Loan Receiver of the amount of the loan as well as interest accrued thereon is implemented in parts or in full no later than December 30, 2019;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

3) Date of transaction: December 22, 2018;

subject of the transaction and its other significant terms: refundable loan granted by the Issuer (hereinafter Loan Holder) to Limited Liability Company Monitor Time located at the address: 125319, Moscow, 62A Leningrad Prospect, INN 7714130583, OGRN 1027739527342 (hereinafter Loan Recipient) according to the Loan Agreement dated February 22, 2018;

parties to the transaction: Loan Holder – Issuer, Loan Recipient – Monitor Time Limited Liability Company;

amount of transaction: is listed in cash and as a percentage of the book value of the assets of the issuer by the date of the last finished reporting period preceding the date of concluding the transaction: the amount of the loan issued according to the Loan Agreement constitutes 11,000,000 (eleven million) rubles, which constitutes 26.44% of the book value of the assets of the Issuer as of 31.12.2016;

deadline for fulfillment of obligations on the transaction and the information on the implementation of said obligations: no later than February 22, 2022;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

4) Date of transaction: February 28, 2018;

subject of the transaction and its other significant terms: Refundable loan granted by the Issuer (hereinafter Loan Holder) to Limited Liability Company Garant-Invest Development (hereinafter Loan Recipient) according to Loan Agreement (hereinafter Loan Agreement) No. 14/2017-3 dated 28.12.2017;

parties to the transaction: Loan Holder – Issuer, Loan Recipient – Garant-Invest Development Limited Liability Company;

amount of transaction (is listed in cash and as a percentage of the book value of the assets of the issuer by the date of the last finished reporting period preceding the date of concluding the transaction: the amount of the loan issued according to the Loan Agreement constitutes 370,000,000 (three hundred seventy million) rubles, which constitutes 889.4% of the book value of the assets of the Issuer as of 31.12.2016;

deadline for fulfillment of obligations on the transaction and the information on the implementation of said obligations: no later than December 30, 2019;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

5) Date of transaction: June 18, 2018;

subject of the transaction and its other significant terms: the Issuer concluding a security and pledge agreement with PJSC Sberbank of Russia (Creditor, Bank);

scope of the transaction, including civil rights and obligations, for establishment, modifications and termination of which the concluded transaction was directed: the Guarantor shall be liable to the Bank for the fulfillment by the Debtor: Limited Liability Company SC Kolomensky located at the address: 115487, Moscow, 23 Andropova Prospect, INN 7725706029, OGRN 1107746853389, hereinafter referred to as Debtor, for all obligations according to Agreement No. 5225 about opening a nonrevolving credit line;

parties to the transaction: Guarantor – Issuer, Bank – PJSC Sberbank of Russia;

amount of transaction in cash and as a percentage of the value of the assets of the issuer: 1,000,000,000 (one billion) rubles, which constitutes 41.86% of the book value of the assets of the Issuer as of 31.12.2017;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – 14.06.2028 included;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

6) Date of transaction (agreement): September 24, 2018;

type and subject of transaction: the Issuer concluding security and pledge agreement No. 02727/MR-DP1 dated 24.09.2018 with VTB Bank (PJSC) (Creditor, Bank);

scope of the transaction, including civil rights and obligations, for establishment, modifications and termination of which the concluded transaction was directed: the Guarantor shall be liable to the Bank for the fulfilment by the Loan Receiver, Limited Liability Company GarantStroyInvest, OGRN 1027713012227, of the obligations under Loan Agreement No. 02727/MR dated September 14, 2018, to the full extent;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: 3651 (three thousand six hundred fifty one) calendar day from the date of entry of the Agreement into force;

parties to the transaction: the Guarantor (Issuer) is the Joint Stock Company Garant-Invest Commercial Real Estate, the Bank is the VTB Bank (PJSC);

amount of transaction in cash and as a percentage of the value of the assets of the issuer: 3,100,000,000 (three billion one hundred million) rubles, 129.77%;

value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction by the date of the last finished reporting period preceding the date of concluding the transaction (agreement): the value of the assets of the Issuer preceding the date of the pledge is 2,388,713,00 (two billion three hundred eighty eight million seven hundred thirteen thousand) rubles;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

Disclosure for related party transactions

1) Date of transaction: June 18, 2018;

subject of the transaction and its other significant terms: the Issuer concluding a security and pledge agreement with PJSC Sberbank of Russia (Creditor, Bank). The Guarantor shall be liable to the Bank for the fulfilment by the Debtor: Limited Liability Company SC Prazhsky Grad located at the address: 117519, Moscow, 24A Kirovogradskaya street, INN 7726663561, OGRN 1107746853390, hereinafter referred to as Debtor, for all obligations according to Agreement No. 5204 about opening a nonrevolving credit line;

parties to the transaction: Guarantor – Issuer, Bank – PJSC Sberbank of Russia

amount of transaction in cash and as a percentage of the value of the assets of the issuer: 400,000,000 (four hundred

million) rubles, which constitutes 16.74% of the book value of the assets of the Issuer as of 31.12.2017;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – 14.06.2028 included;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned

decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: the said transaction is approved by the Board of Directors of the issuer, Minutes No. 2 dated 15.06.2018.

2) Date of transaction: July 10, 2018;

type and subject of transaction: the Issuer concluding security and pledge agreement No 5343-P-1 dated 10.07.2018 with PJSC Sberbank of Russia (Creditor, Bank);

scope of the transaction, including civil rights and obligations, for establishment, modifications and termination of which the concluded transaction was directed: the Guarantor shall be liable to the Bank for the fulfilment by the Debtor: Limited Liability Company Neighbourhood Shopping Centers, located at the address: 115191, Moscow, 11 Bolshaya Tuskaya street, floor 2, office 21, INN 7726402200, OGRN 1177746446822, hereinafter referred to as Debtor, for all obligations according to Agreement No. 5343 about opening a nonrevolving credit line dated 10.07.2018, concluded between the Bank and the Debtor;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: 09.07.2028 included;

parties to the transaction: the Guarantor (Issuer) is the Joint Stock Company Garant-Invest Commercial Real Estate, the Bank is the PJSC Sberbank of Russia;

amount of transaction in cash and as a percentage of the value of the assets of the issuer: 500,000,000 (five hundred million) rubles, 20.93%;

value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction by the date of the last finished reporting period preceding the date of concluding the transaction (agreement): the value of the assets of the Issuer as of the date preceding the date of the pledge is 2,388,713,000 (two billion three hundred eighty eight million seven hundred thirteen thousand) rubles;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

3) Date of transaction: July 11, 2018;

type and subject of transaction: Refundable loan granted by the Issuer (hereinafter Loan Holder) to Limited Liability Company Neighbourhood Shopping Centers (hereinafter Loan Recipient) according to Loan Agreement (hereinafter Loan Agreement) No. 06/2018-Z dated 22.06.2018 as amended by Supplementary Agreement dated July 11, 2018;

scope of the transaction, including civil rights and obligations, for establishment, modifications and termination of which the concluded transaction was directed: the Loan Holder gives to the Loan Recipient a loan to the total amount of 261,665,000 (two hundred sixty one million six hundred sixty five thousand) rubles 00 kopeikas, and the Loan Receiver undertakes to repay the loan amount and to pay interest on it. The interest rate on the loan is established in the amount of 13.0 % (thirteen per cent) annually. The loan may be disbursed in installments;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – the repayment by the Loan Receiver of the amount of the loan as well as interest accrued thereon is implemented in parts or in full no later than December 30, 2023;

parties to the transaction: the Loan Holder (Issuer) is the Joint Stock Company Garant-Invest Commercial Real Estate, the Loan Recipient is the Limited Liability Company Neighbourhood Shopping Centers (OGRN 1177746446822 INN: 7726402200);

amount of transaction in cash and as a percentage of the value of the assets of the issuer: the amount of the loan issued according to the Loan Agreement constitutes 261,665,000 (two hundred sixty one million six hundred sixty five thousand) rubles 00 kopeikas;

value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction by the date of the last finished reporting period preceding the date of concluding the transaction (agreement): the value of the assets of the Issuer preceding the date of loan agreement as of 31.12.2017 is 2,388,713,000 (two billion three hundred eighty eight million seven hundred thirteen thousand) rubles, 10.95%;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.

4) Date of transaction: September 4, 2018;

type and subject of transaction: refundable loan granted by the Issuer (hereinafter Loan Holder) to Limited Liability Company A.P. TRUST CO (hereinafter Loan Recipient) according to Loan Agreement (hereinafter Loan Agreement);

scope of the transaction, including civil rights and obligations, for establishment, modifications and termination of which the concluded transaction was directed: the Loan Holder gives to the Loan Recipient a loan to the total amount of 350,000,000 (three hundred fifty million) rubles 00 kopeikas, and the Loan Receiver undertakes to repay the loan amount and to pay interest on it. The interest rate on the loan is established in the amount of 12.5% (twelve point five per cent) annually. The loan may be disbursed in installments;

deadline for fulfillment of obligations on the transaction, parties and beneficiaries of the transaction, value of the transaction in cash and as a percentage of the value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction: deadline for fulfillment of obligations on the transaction – the Loan Agreement becomes effective from the moment of transfer of the loan amount to the bank account of the Loan Receiver. Repayment of the loan amount with interest by the Loan Receiver no later than 30.09.2023;

parties to the transaction: the Loan Holder (Issuer) is the Joint Stock Company Garant-Invest Commercial Real Estate, the Loan Recipient is the Limited Liability Company A.P. TRUST CO (OGRN 5147746210585 INN: 7726757996);

amount of transaction in cash and as a percentage of the value of the assets of the issuer: the amount of the loan issued according to the Loan Agreement constitutes 350,000,000 (three hundred fifty million) rubles, which constitutes 14.65% of the book value of the assets of the Issuer as of 31.12.2016;

value of the assets of the issuer or the entity providing security for the issuer's bonds which implemented the transaction by the date of the last finished reporting period preceding the date of concluding the transaction (agreement): the value of the assets of the Issuer preceding the date of the loan agreement is 2,388,713,000 (two billion three hundred eighty eight million seven hundred thirteen thousand) rubles;

information about approval of the transaction in case where such transaction was approved by the authorized governing body of the issuer or the entity providing security for the issuer's bonds which implemented the transaction (name of the governing body of the organization which made a decision about approval of the transaction, date of the aforementioned decision, date and number of the minutes of the meeting of the governing body of the organization at which this decision was taken, if such a decision was taken by the collegial governing body of the organization), or the indication of such transaction not having been approved: further approval of the transaction.



Retail real estate portfolio

The buildings of the PEROVO MALL Shopping and Entertainment Center, the Shipilovsky Shopping Center, the Small Proletarsky Shopping Center and the Borisovsky Shopping Center were bought by the Group in December 2017.

The buildings of the Chernomorsky Shopping Center, the Small Krasny Mayak Shopping Center and the Biryulyovsky Shopping Center were bought by the Group in June 2018.

As of December 31, 2018, the building of the Airport Gallery Shopping Center with fair value of 7,319,381 thousand rubles was pledged against the loan from OJSC Sberbank of Russia for the period of up to June 28, 2028.

As of December 31, 2018, the building of the Moskvorechie Shopping and Entertainment Center with fair value of 5,926,600 thousand rubles was pledged against the loan from OJSC Sberbank of Russia for the period of up to January 31, 2027.

As of December 31, 2018, the building of the Retail Park Shopping Center with fair value of 4,176,660 thousand rubles was pledged against the loan from JSC VTB Bank for the period of up to September 21, 2028.

As of December 31, 2018, the building of the Tulskey Mixed-use Center with fair value of 3,180,674 thousand rubles was pledged against the loan from OJSC Sberbank of Russia for the period of up to September 1, 2020.

As of December 31, 2018, the building of the Kolomensky Shopping Center with fair value of 1,333,434 thousand rubles and the building of the Prazhsky Grad Shopping&Restaurant Center with fair value of 563,736 thousand rubles were pledged against the loan from JSC Rietumu Banka for the period of up to July 26, 2021.

As of December 31, 2018, the building of the PEROVO MALL Shopping and Entertainment Center with fair value of 870,745 thousand rubles was pledged against the loan from JSC Bank Finservice for the period of up to May 26, 2019.

As of December 31, 2018, the buildings of the Neighbourhood Shopping Centers Shipilovsky, Chernomorsky, Krasny Mayak, Biryulyovsky with fair value of 1,189,164 thousand rubles were pledged against the loan from OJSC Sberbank of Russia for the period of up to September 9, 2028.

Shopping center Gallery Airport



Address:

Moscow, Airport subway station, 62A Leningradsky Prospect

A modern shopping center on Leningradsky Prospect in Moscow, where more than 70 stores, as well as 8 restaurants and cafes are located.

The experts say that this is one of the best shopping centers in Moscow. Airport Gallery Shopping Center is a winner of prestigious competitions, including Best Shopping Center in Russia, Best Implemented Project in the Investment and Construction Sphere in Moscow and Best Operating Shopping Center.

GALLERY SHOPPING CENTER AIRPORT

Opened
May 24, 2003



Total area, sq.m	12,000
Number of shopping floors	3
Parking, stalls	70
Service area, thousand people	1,280
Traffic, million people annually	11.8

More than 70 stores, 8 cafes and restaurants: Miratorg food supermarket, RIVE GAUCHE, L'Etoile, Chitay-Gorod, IL Patio, Planet Sushi, Shokoladnitsa, Moo-Moo, BURGER KING, KFC, McDonalds.

www.g-a.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 760,563 thousand rubles (2018)
- Market value — 7,418,000 thousand rubles

Shopping and Entertainment Center Moskvorechie



Address:

Moscow, Kashirskaya subway station, 26 Kashirskoye Highway

A modern shopping center located near the exit from the Kashirskaya subway station, a short distance from the Kashirskoye highway.

The 3-storey center with the total space of 30,000 square meters houses 90 stores, 13 restaurants and cafes, 1 supermarket and also a family entertainment center. The Moskvorechie Shopping and Entertainment Center was a winner of the CRE Awards in the category Best Shopping Center of Russia. In 2018 as the result of the first stage of renovation the Moskvorechie Shopping and Entertainment Center accommodated three new anchor tenants: Perekrestok, Detsky Mir and LC Waikiki. For 2019, the upgrade of the main atrium is planned, related to replacement of tenants and strengthening of the food function. The tenants of this profile will be re-concentrated in Moskvorechie Shopping and Entertainment Center on all floors and in the main atrium, not just on the foodcourt where they were previously placed. This conception involves not just a change in configuration of the spaces assigned for food services, but also the use of a part of common areas and balconies of the atrium, which will permit increasing the rentable areas of the shopping center.



Opened
March 6, 2014



Total area, sq.m	30,000
Number of shopping floors	3
Parking, stalls	600
Service area, thousand people	2,366
Traffic, million people annually	7.9

90 stores, 13 restaurants and cafes: Perekrestok, M.Video, Detsky Mir, H&M, Reserved, the Parkwick family entertainment center, McDonald's, IL Patio, Planet Sushi, Shokoladnitsa, KFC, BURGER KING, Costa Coffee, #FARSH.

www.moskvorechije.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 730,577 thousand rubles (2018)
- Market value – 5,950,000 thousand rubles.

Shopping Center Retail Park



Address:

Moscow, 97 Varshavskoye Highway

The first shopping center in Russia that follows the Retail Park format, with its main spaces being occupied by large stores. The shopping center houses the stores of well-known global brands: AUCHAN, OBI, Adidas and 4 restaurants and cafes. For children there is a unique Wonder Park with a mini-zoo. The Retail Park Shopping Center has many awards; among other titles, it is the winner of the city competition “The Best Shopping Center of Moscow”.



Opened
December 15, 2005



Total area, sq.m	47,000
Number of shopping floors	2
Parking, stalls	1,100
Service area, thousand people	1,700
Traffic, million people annually	5.9

Number of stores – 16, number of restaurants and cafes – 4: AUCHAN City, OBI, STOLPLIT HOME Hypermarket, Adidas, Sport Point, Familia, McDonald's, KFC, IL Patio, Sushi Planet, BURGER KING.

www.retail-park.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 482,749 thousand rubles (2018)
- Market value – 4,220,000 thousand rubles

Mixed-use Center Tulsky



Address:

Moscow, Tulskaia subway station, 11 Bolshaya Tulskaia Street

An example of a high style of modern commercial real estate in the mixed use segment, successfully combining an A-grade business center, a spacious shopping gallery, an event zone and popular restaurants and cafes.

The convenient location of the Mixed-use center Tulsy provides great access from any district of the city and gives an opportunity to use any means of transportation. Modern architecture, spacious premises, high-grade engineering equipment, abundance of daylight provide comfort for both the employees of the offices and the visitors of stores and restaurants.



Opened
November 22, 2008



Total area, sq.m	13,300 (plus event area of 800 sq.m.)
Number of shopping floors	2
Parking, stalls	69
Service area, thousand people	510
Traffic, million people annually	2.9
Number of office lots	23
Number of stores	13
Restaurants and cafes	6

23 tenants of office spaces, including Panasonic, Elliott Group, E-COM, InfoBeep.
Tenants of retail spaces: Starbucks, PRIME, Grabli, IL Patio, Shikari, #FARSH.

www.tulsky.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 364,154 thousand rubles (2018)
- Market value — 3,184,000 thousand rubles

Shopping&Restaurant Center Prazhsky Grad



Address:

Moscow, Prazhskaya subway station, 24A Kirovogradskaya Street

Unique modern shopping and restaurant complex advantageously located very near the Prazhskaya subway station.

The year 2018 saw the finalization of the change of concept and positioning of the Prazhsky Grad Shopping&Restaurant Center.

Today the Prazhsky Grad Shopping&Restaurant Center is a specialized shopping center with a restaurant complex that gives the inhabitants of the neighbouring districts an opportunity for visiting various restaurants and cafes in a single modern and comfortable location every day. The shopping center presents 6 different concepts of food services, a summer terrace as well as a supermarket.



Opened
June 20, 2007



Total area, sq.m	3,000
Number of shopping floors	3
Parking, stalls	50
Service area, thousand people	562
Traffic, million people annually	1.5
Restaurants and cafes	6

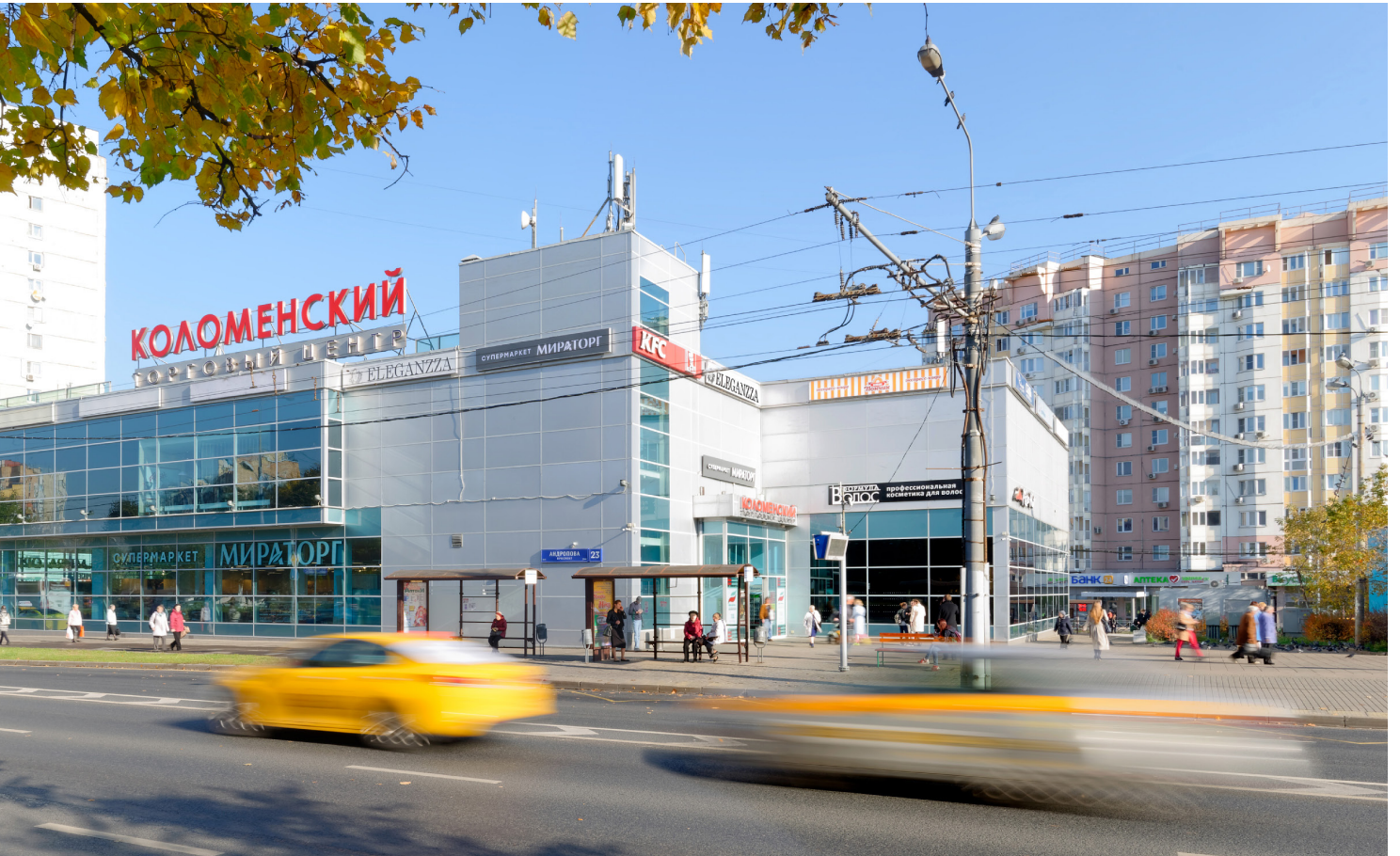
Miratorg food supermarket, Japanese restaurant Yakitoriya, Czech beer restaurant FAN ZONE, karaoke club FAN ZONE, fast food restaurants BURGER KING and KFC, hookah lounge Moscow Hookah Lounge Chain.

www.pragsky-grad.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 67,759 thousand rubles (2018)
- Market value — 667,000 thousand rubles

Shopping Center Kolomensky



Address:

Moscow, Kolomenskaya subway station, 23 Andropova Prospect

A modern local shopping center located right near the Kolomenskaya subway station and providing the inhabitants of the neighbouring districts with convenience foods and services.

The shopping center houses popular stores, a supermarket, service sector companies as well as restaurants and cafes. The shopping center is intended for daily shopping at walking distance as well as for visitors using cars and public transportation.



Opened
May 26, 2006



Total area, sq.m	3,200
Number of shopping floors	2
Parking, stalls	50
Service area, thousand people	600
Traffic, million people annually	4.1
Number of stores	20
Restaurants and cafes	2

20 stores, Miratorg food supermarket, 2 restaurants: KFC, Pizza Hut.

www.tc-kolomensky.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 155,165 thousand rubles (2018)
- Market value — 1,561,500 thousand rubles

Shopping and Entertainment Center

PEROVO MALL



Address:

Moscow, Perovo subway station, Novogireevo subway station, 61A Perovskaya Street

A family shopping and entertainment center bought in late 2017 and renovated in early 2018: conceptual rebranding and modernization were conducted, facades and internal layout were changed. The most popular shopping and entertainment center in the Novogireevo and Perovo districts is located on the first line of the Perovskaya street in the center of a large-scale residential development.

PEROVOMALL
SHOPPING AND ENTERTAINMENT CENTER

Opened
March 3, 2018



Total area, sq.m	13,500
Number of shopping floors	3
Parking, stalls	95
Service area, thousand people	520
Traffic, million people annually	2

20 stores, fitness club, Perekrestok supermarket, Detsky Mir, 5 restaurants and cafes: FAN ZONE, IL Patio, KFC, Pizza Hut, Costa Coffee, the Parkwick family entertainment center.

www.perovomall.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 98,154 thousand rubles (2018)
- Market value — 865,627 thousand rubles

Neighbourhood Shopping Centers Small



The Neighbourhood Shopping Centers Small are small shopping centers under a single brand that give you an opportunity to buy everything you need with comfort and close to home. Such centers are usually located in densely populated neighbourhoods, new housing developments, on main thoroughfares, near subway stations and public transport stops. The modern neighbourhood shopping centers Small are intended for providing the inhabitants of the neighbourhood with convenience foods and services. The neighbourhood shopping centers include a supermarket, restaurants and cafes, a drugstore, a consumer services center, a dry-cleaning unit, cosmetics, perfumery and household cleaning products stores, mobile phone outlets and various other services. 6 properties are owned by the company, 1 is managed by it.



The Small chain houses 20 stores, 5 supermarkets, 5 restaurants and cafes.

Small Proletarsky Shopping Center

Address: 2A Proletarsky Prospect

Small Biryulyovsky Shopping Center

Address: 26A Biryulyovskaya Street

Small Chernomorsky Shopping Center

Address: 10 Chernomorsky Boulevard

Small Krasny Mayak Shopping Center (under renovation)

Address: 15 Krasnogo Mayaka Street

Small Shipilovsky Shopping Center

Address: 62A Shipilovskaya Street

Small Borisovsky Shopping Center

Address: 46A Borisovsky Passage

Small Kashirsky Shopping Center (managed)

Address: 26 Kashirskoye Highway

www.small.msk.ru

Key financial performance indicators as of 31.12.2018

- Revenue — 75,642 thousand rubles (2018)
- Market value — 1,178,501 thousand rubles



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Moscow, 117587, Russia

Translation from the Russian original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Company "Garant-Invest Commercial Real Estate"

Opinion

We have audited the consolidated financial statements of Joint Stock Company "Garant-Invest Commercial Real Estate" (the Company) (OGRN 1097746603680, Suite 3, Office 1, Bldg. 23, Pervy Kolobovskiy Pereulok, Moscow, 127051) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements for the year ended 31 December 2018, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

General Director of the Company (management) is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Translation from the Russian original

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The translation is true and correct.

The engagement partner on the audit resulting in this independent auditor's report is



D.A. Taradov

Audit company:

BDO Unicon Aktsionernoe Obshchestvo

Main State Registration Number: 1037739271701

Suite 50, Office I, 3rd Floor, Section 11, Block 1, Bldg. 125, Warshavskoye Shosse, Moscow, 117587, Russia

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association)

Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 11603059593

23 April 2019

**Joint Stock Company «Garant-Invest Commercial Real Estate» Consolidated Statement of Financial Position
as at 31 December 2018
(in thousands of Russian Roubles)**

	Note	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Investment property	6	24 821 531	22 309 685
Property, plant and equipment and Intangible assets	7	406 704	437 271
Construction in progress	8	48 906	79 956
Long-term financial assets	9	3 787 764	3 010 926
Goodwill	26	753 027	753 027
Deferred tax assets	23	138 933	137 665
Total non-current assets		29 956 865	26 728 530
Current assets			
Cash and cash equivalents	10	149 609	112 489
Short-term financial assets	9	1 728 308	1 121 264
Receivables	11	365 064	444 387
Advances issued	12	54 842	37 278
Other assets	13	311 588	170 049
Current tax assets		4 801	13 858
Total current assets		2 614 212	1 899 325
Total assets		32 571 077	28 627 855
EQUITY AND LIABILITIES			
Long-term liabilities			
Attracted loans	14	13 813 016	13 250 994
Attracted borrowings	14	113 577	93 449
Debt securities issued	16	1 497 018	2 289 996
Accounts payable	15	244 767	563 043
Deferred tax liability	23	2 394 874	1 977 169
Total long-term liabilities		18 063 252	18 174 651
Short-term liabilities			
Attracted loans	14	1 261 509	420 130
Attracted borrowings	14	-	29 822
Debt securities issued	16	1 374 410	63 610
Accounts payable	15	795 161	378 000
Advances received	17	643 911	453 337
Current tax liabilities		4 954	6 702
Other liabilities	18	70 770	42 594
Total short-term liabilities		4 150 715	1 394 195
Total liabilities		22 213 967	19 568 846
Equity			
Share capital	24	35 000	35 000
Property, plant and equipment revaluation fund		742 975	723 369
Retained earnings		9 354 145	8 110 294
Total equity attributable to shareholders of the Group		10 132 120	8 868 663
Non-controlling interests		224 990	190 346
Total equity		10 357 110	9 059 009
Total liabilities and equity		32 571 077	28 627 855

Panfilov A.Y.
General director
April 23, 2019

Morozova E.Y.
Chief Accountant

The notes on pages 10 to 60 are an integral part of these financial statements.

Joint Stock Company «Garant-Invest Commercial Real Estate» Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018 (in thousands of Russian Roubles)

	Note	2018	2017 (restated)
Income from rental agreements	6	2 734 764	2 519 151
Cost of rental agreements	6	(765 003)	(706 639)
Change in fair value of investment property	6	1 405 532	2 048 550
Gross operating income		3 375 293	3 861 062
Interest income	19	427 995	299 878
Interest expenses	19	(1 761 195)	(1 353 904)
Foreign exchange translation gains less losses		(452 641)	364 548
Loss allowance for expected credit losses for advances issued, receivables, loans issued and other assets	9,11,12,13	14 553	(10 333)
Excess of net asset value over acquisition price of subsidiary	26	-	104 709
Other operating income	20	1 129 252	956 969
Other operating expenses	21	(430 473)	(144 453)
Operating income		2 302 784	4 078 476
General and administrative expenses	22	(599 926)	(455 984)
Profit before tax		1 702 858	3 622 492
Current income tax expenses	23	(9 557)	(3 932)
Deferred income tax expenses	23	(411 536)	(826 268)
Net profit		1 281 765	2 792 292
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment	6	24 507	56 164
Income tax related to the component of comprehensive income	23	(4 901)	(11 233)
Other comprehensive income after tax		19 606	44 931
Total comprehensive income for the period		1 301 371	2 837 223
Profit attributable to:			
- shareholder of the Group		1 243 851	2 678 324
- non-controlling interest		37 914	113 968
Other comprehensive income attributable to:			
- shareholder of the Group		1 263 457	2 717 877
- non-controlling interest		37 914	119 346

Panfilov A.Y.
General director
April 23, 2019



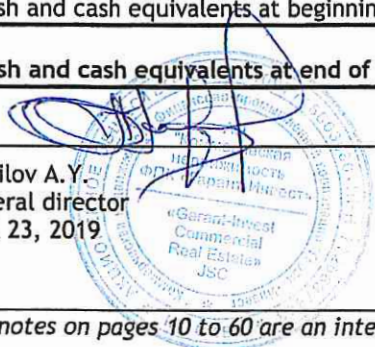
Morozova E.Y.
Chief Accountant

The notes on pages 10 to 60 are an integral part of these financial statements.

Joint Stock Company «Garant-Invest Commercial Real Estate» Consolidated Statement of Cash Flow for the year ended 31 December 2018 (in thousands of Russian Roubles)

	2018	2017 (restated)
Cash flows from operating activities		
Profit before tax	1 702 858	3 622 492
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment (Note 7)	43 900	79 172
Loss allowance for expected credit losses for advances issued, receivables, loans issued and other assets	(14 553)	10 333
Change in fair value of investment property (Note 6)	(1 405 473)	(2 079 048)
Unrealized gain on foreign currency revaluation	452 641	(335 247)
Others	563 031	(473 746)
Total adjustments	1 342 404	823 956
Cash flows from operating activities before changes in operating assets and liabilities		
Net (increase)/Decrease in operating assets		
Receivables	23 702	(129 197)
Advances issued	(17 501)	15 450
Other assets	(142 182)	(22 241)
Net increase /(decrease) in operating liabilities		
Accounts payable	(98 854)	(304 502)
Advances received	190 809	4 038
Other liabilities	(3 264)	14 710
Cash generated from operating activities	1 295 114	402 214
Income tax paid	(7 252)	(2 744)
Net cash flows from operating activities	1 287 862	399 470
Net cash used in investing activities		
Borrowings issued	(2 948 958)	(2 600 158)
Repayment of loans issued and deposits placed	1 724 428	60 077
Investments in construction in progress	31 050	(8 474)
Purchase of subsidiaries, less of cash acquired	-	24 814
Purchase and modernization of investment property	(1 104 529)	(1 034 628)
Purchase and modernization of property, plant and equipment	(40 246)	(13 789)
Net cash used in investing activities	(2 338 255)	(3 572 158)
Cash flows from financial activities		
Accepting of loans and borrowings	4 241 085	7 850 000
Repayment of loans and borrowings	(3 637 377)	(6 892 273)
Repayment of promissory notes issued	(10 000)	(15 000)
Issued bonds	500 000	2 300 000
Payment of dividends	(3 269)	-
Net cash from financing activities	1 090 439	3 242 727
Effect of changes in exchange rates on cash and cash equivalents	(2 926)	(1 080)
Net increase in cash and cash equivalents	37 120	68 959
Cash and cash equivalents at beginning of year (Note 10)	112 489	43 530
Cash and cash equivalents at end of year (Note 10)	149 609	112 489

Panfilov A.Y.
General director
April 23, 2019




Morozova E.Y.
Chief Accountant

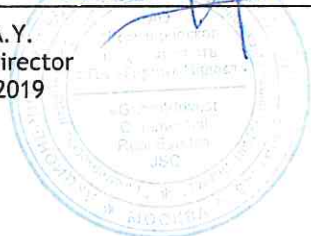
The notes on pages 10 to 60 are an integral part of these financial statements.

*Joint Stock Company «Garant-Invest Commercial Real Estate» Consolidated Statement of Changes in Equity for the year ended 31 December 2018
(in thousands of Russian Roubles)*

	Share capital	Property, plant and equipment revaluation fund	Retained earnings	Total	Non-controlling equity	Total equity
1 January 2017	35 000	683 816	5 431 970	6 150 786	-	6 150 786
Operations with equity in subsidiaries	-	-	-	-	71 000	71 000
Comprehensive income for 2017	-	39 553	2 678 324	2 717 877	119 346	2 837 223
31 December 2017	35 000	723 369	8 110 294	8 868 663	190 346	9 059 009
Comprehensive income for 2018	-	19 606	1 243 851	1 263 457	37 914	1 301 371
Profit sharing (Note 25)	-	-	-	-	(3 270)	(3 270)
31 December 2018	35 000	742 975	9 354 145	10 132 120	224 990	10 357 110



 Panfilov A.Y.
 General director
 April 23, 2019





 Morozova E.Y.
 Chief Accountant

The notes on pages 10 to 60 are an integral part of these financial statements.



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Airport Gallery Shopping Center

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Moskvorechie Shopping and Entertainment Center

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www.trk-m.ru, www.москворечье.рф, e-mail: аренда@garant-invest.ru



Retail Park Shopping Center

97, Varshavskoe highway, Moscow, 117556, tel: +7 (495) 980-25-25
www.retail-park.ru, e-mail: info@retail-park.ru



Tulsky Mixed-use Center

11, B.Tulskaya str., Moscow, 115191, tel: +7 (495) 663-84-64
www.tulsky.ru, e-mail: tinfo@tulsky.ru



Kolomensky Shopping Center

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Prazhsky Grad Shopping & Restaurant Center

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Perovo Mall Shopping and Entertainment Center

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Neighbourhood Shopping Centers Small

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