

Additional commentary on the items relating to the approval of transactions to be carried out by PJSC LSR Group in the future in the ordinary course of its operations, brought before the Meeting of Shareholders of PJSC LSR Group on 05/04/2015

While preserving a limited scope of such transactions, primarily, transactions involving granting/obtaining of loans to/from subsidiary and related companies of PJSC LSR Group, providing sureties and/or pledges to secure the liabilities of subsidiary and related companies of PJSC LSR Group before their lenders, it is proposed to increase the maximum value of such transactions up to RUB 100,000,000,000 (one hundred billion) including possible interest and commissions. The proposed limit increase is due to the expansion of the Company's scope of operations, in particular, implementation of large-scale projects in the area of real estate development and construction, including redevelopment of the former territory of the automotive plant ZiL in Moscow, and the associated increase of the transactions between the Company's subsidiaries. The breakdown of the transactions, which may be carried out in the future by PJSC LSR Group in the ordinary course of its operations, and which may be carried out between subsidiaries of PJSC LSR Group, is presented in the table below:

SURETIES AND/OR PLEDGES TO SECURE THE LIABILITIES OF SUBSIDIARY AND RELATED COMPANIES OF PJSC LSR GROUP BEFORE THEIR LENDERS				
"LSR. Object-M" Ltd (OOO "Promobyekt") (100% owned)	sureties to secure loans for large real estate development projects in Moscow, namely ZILART and ZiL-South	up to 10 years	11-15%	Up to RUB 15bn
AO "LSR. Nedvizimost-M" (ZAO "LSR. Nedvizimost-M") (100% owned)				
OOO "LSR-Stroy" (100% owned)	sureties on bank guarantees to ensure liabilities under governmental contracts	up to 5 years	1-3%	Up to RUB 8bn
OOO "LSR-Stroy" (100% owned)	sureties on bank guarantees to ensure liabilities under governmental contracts	up to 5 years	1-3%	Up to RUB 5bn
OOO "LSR.Nedvizimost-SZ" (100% owned)	sureties on bank guarantees to secure liabilities under the governmental contracts for the sale of completed apartments to government	2-5 years	1-3%	Up to RUB 10bn
OOO "LSR.Stroitelstvo-SZ" (100% owned)	sureties on bank guarantees to secure liabilities under the governmental contracts for construction of social housing	2-5 years	1-3%	Up to RUB 5bn
Sureties to secure loans used for refinancing of the existing short-term debt facilities				Up to RUB 10bn
TOTAL FOR SURETIES AND PLEDGES				UP TO RUB 53bn
INTER-GROUP LOANS				
OOO "LSR. Nedvizimost-SZ" (100% owned)	loan	up to 3 years	9-14%	Up to RUB 14bn
JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT PETERSBURG" (100% owned) (100% owned)	loan	up to 3 years	9-14%	Up to RUB 5bn
CJSC LSR. Real Estate-M (100% owned)	loan	up to 3 years	9-14%	Up to RUB 10bn
	other loans to subsidiaries for acquisition of land plots for real estate development			Up to RUB 7bn
	short-term loans to subsidiaries to cover cash shortage			Up to RUB 5bn
TOTAL FOR INTER-GROUP LOANS				UP TO RUB 41bn
	license agreements for the usage of LSR brand			RUB 1bn
RESERVE				UP TO RUB 5bn
TOTAL				UP TO RUB 100bn

All of the above transactions either form part of the inter-group financing system based on the principles of centralized treasury (loans), or are an accompanying transaction (surety, pledge) to be executed in order to secure another, principal transaction, which in turn is subject to the standard procedure provided for in the legislation, and an elaborate corporate approval and control procedure provided for in the internal documents of the Company.