

RSG International Ltd

Unaudited interim condensed consolidated financial statements

For the six month period ended 30 June 2021

Contents

General information

Report on review of interim condensed consolidated financial information

Interim condensed consolidated statement of profit or loss and other comprehensive income	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of cash flows	3-4
Interim condensed consolidated statement of changes in equity.....	5

Explanatory notes to the interim condensed consolidated financial statements

1. Corporate information	6
2. Significant accounting policies.....	7
3. Business combinations, acquisitions and disposals	8
4. Right-of-use assets and lease liabilities	9
5. Investment in associates and Joint Venture	10
6. Income and expenses	13
7. Income tax.....	16
8. Property, plant and equipment.....	16
9. Intangible assets.....	17
10. Investment properties	17
11. Interest-bearing loans receivable.....	19
12. Inventories.....	20
13. Trade and other receivables.....	21
14. Prepayments	22
15. Cash and cash equivalents	22
16. Equity.....	23
17. Interest-bearing loans and borrowings	25
18. Debt securities issued.....	26
19. Trade and other payables	27
20. Other liabilities	27
21. Contract liabilities.....	28
22. Provisions.....	29
23. Balances and transactions with related parties.....	29
24. Contingencies, commitments and operating risks.....	30
25. Fair value measurement.....	32
26. Segment information.....	34
27. Subsequent events	35

General information**Board of Directors**

Georghios Fisentzides

Company secretary

Georghios Fisentzides
5 Miaouli, Larnaka, 6017
Cyprus

Registration number

C226111

Registered office

16, Spyrou Kyprianou Avenue, H&S Centre, First Floor, Office 104
Larnaca, 6018
Cyprus

Independent auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
6 Stasinou Avenue P.O. Box 21656
1511 Nicosia
Cyprus

Report on review of interim condensed consolidated financial information

To the Members of RSG International Ltd

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of RSG International Ltd and its subsidiaries (the "Group") which comprise the interim condensed consolidated statements of profit or loss and other comprehensive income for the six-month period ended 30 June 2021, the interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim condensed consolidated statements of changes in equity, and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting* (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* (IAS 34) as adopted by the European Union.

Other matter

The information accompanying the interim condensed consolidated financial statements which has been disclosed as supplementary information not required by IFRS after Note 27 is presented for purposes of additional analysis and is not within the scope of IFRS. Such information has not been subjected to the procedures applied in our review of the interim condensed consolidated financial statements and, accordingly, we do not conclude on it.



Nicolas Pavlou
Certified Public Accountant and Registered Auditor
For and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
21 October 2021

Interim condensed consolidated statement of profit or loss and other comprehensive income**For the six months ended 30 June 2021***(in thousands of Russian rubles)*

	Notes	For the six months ended 30 June	
		2021	2020
Revenue	6.1	17,541,377	10,206,681
Cost of sales	6.3	(13,727,398)	(7,713,080)
Gross profit		3,813,979	2,493,601
General and administrative expenses	6.4	(578,310)	(482,408)
Other operating income	6.6	5,078	51,611
Other operating expenses	6.6	(1,851,220)	(865,181)
Change in fair value of investment property	10	245,375	5,617
Operating profit		1,634,902	1,203,240
Finance income	6.5	257,836	182,164
Finance costs	6.5	(1,760,934)	(1,370,717)
Foreign exchange loss, net		(8,300)	(1,439)
Share of profit of associate	5	11,724	7,188
Profit before income tax		135,228	20,436
Income tax expense	7	(360,143)	(264,544)
Net loss for the period		(224,915)	(244,108)
Total comprehensive loss for the period		(224,915)	(244,108)
Attributable to:			
Equity holders of the parent		(144,852)	(244,108)
Non-controlling interests	16	(80,063)	–

The accompanying notes on pages 6 to 36 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position**At 30 June 2021***(in thousands of Russian rubles)*

	Notes	30 June 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	8	1,191,108	1,120,460
Intangible assets	9	11,222,311	12,742,987
Right of use of assets	4	1,565,892	2,311,277
Investments in associates and joint venture	5	360,338	70,886
Investment properties	10	8,028,521	9,069,712
Inventories	12	29,207	96,057
Trade and other receivables	13	57,836	159,664
Interest-bearing loans receivable at amortised cost	11	273,261	221,774
Interest-bearing loans receivable at FVPL	11	332,179	781,779
Deferred tax assets		505,846	549,867
Other non-current assets	15	140,000	-
		23,706,499	27,124,463
Current assets			
Inventories	12	28,641,531	30,687,802
Trade and other receivables	13	4,508,487	1,239,238
Contract assets	6.1	12,585,661	6,095,804
Prepayments	14	3,984,434	2,673,308
Income tax receivable		446,552	282,712
Taxes recoverable		596,729	739,933
Interest-bearing loans receivable at amortised cost	11	392,297	765,789
Interest-bearing loans receivable at FVPL	11	20,000	8,134
Cash and cash equivalents	15	8,440,838	8,190,228
		59,616,529	50,682,948
Investment properties held for sale	10	-	27,282
		59,616,529	50,710,230
		83,323,028	77,834,693
Total assets			
Equity and liabilities			
Equity			
Issued capital	16	212,015	211,941
Share premium		26,075,189	21,575,263
Capital contribution reserve		(4,680,794)	(4,673,519)
Business combination reserve		2,190,420	2,190,420
Accumulated losses		(4,709,705)	(3,271,278)
Equity attributable to equity holders of the parent		19,087,125	16,032,827
Total non-controlling interests		3,418,700	3,380,233
Total equity		22,505,825	19,413,060
Non-current liabilities			
Interest-bearing loans and borrowings	17	25,122,546	16,136,909
Debt securities issued	18	3,441,590	5,171,171
Contract liabilities	21	1,339,755	1,339,755
Other financial liabilities	20	3,713,646	4,344,015
Trade and other payables	19	138,656	54,834
Deferred income tax liabilities		4,041,491	3,919,465
		37,797,684	30,966,149
Current liabilities			
Interest-bearing loans and borrowings	17	1,170,433	1,198,389
Debt securities issued	18	1,872,363	3,032,348
Trade and other payables	19	2,389,310	2,889,114
Contract liabilities	21	15,038,547	17,571,269
Income taxes payable		23,025	160,019
Other taxes payable		352,675	339,320
Provisions	22	257,240	298,180
Other financial liabilities	20	1,915,926	1,966,845
		23,019,519	27,455,484
Total liabilities		60,817,203	58,421,633
Total equity and liabilities		83,323,028	77,834,693

On 21 October 2021, the Board of Directors of RSG International Ltd authorized these interim condensed consolidated financial statements for issue.

Georgios Fisentzides  Director

The accompanying notes on pages 6 to 36 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows**For the six months ended 30 June 2021***(in thousands of Russian rubles)*

	For the six months ended	
	30 June 2021	30 June 2020
Profit before tax	135,228	20,436
<i>Adjustments for:</i>		
Depreciation and amortization (Note 6.2)	36,487	25,244
Finance income (Note 6.5)	(257,836)	(182,164)
Finance costs (Note 6.5)	1,760,934	1,370,717
Change in fair value of investment properties (Note 10)	(245,375)	(5,617)
Loss/(gain) on sale of property, plant and equipment, investment property (Notes 6.6)	1,129	(1,094)
Write-down of inventory to net realizable value (Note 12)	734,984	155,085
Change of allowance for expected credit loss on trade and other receivables and other allowance on prepayments (Note 6.6)	8,624	41,700
Change in legal provisions (Note 6.6)	10,321	21,943
Write-off of irrecoverable accounts receivable and loan receivable (Note 6.6)	275	39
Foreign exchange loss, net	8,300	1,439
Change in bonuses and unused vacation accruals	96,102	164,358
(Loss)/gain from write-off of VAT receivable	(265)	4,076
Share of profit of associates (Note 5)	(11,724)	(7,188)
Gain on derecognition of accounts payable (Note 6.6)	–	(3,063)
Change of allowance for expected credit loss on loans receivable (Note 6.6, 11)	(1,837)	–
Barter revenue (Note 6.1)	(1,668,004)	(154,047)
Cost of capitalized development rights and right-of-use assets (Note 6.3)	1,696,566	214,415
Benefit on project financing, recognized in revenue (Note 21)	(190,702)	–
Significant financing component on contract liability recognized in revenue	(307,924)	(228,623)
Gain from write-off interest payments on liabilities for permitted use of land alteration (Note 6.6)	–	(30,498)
Other non-cash operations	12,496	(3,785)
Operating cash inflows before working capital changes	1,817,779	1,403,373
Decrease in inventories	3,219,637	1,246,367
Increase in trade and other receivables, contract assets	(6,743,823)	(641,319)
Increase in prepayments	(1,309,859)	(488,239)
Decrease in VAT receivable	139,523	114,100
Decrease in trade and other payables	(652,543)	(794,492)
Decrease in contract liabilities	(1,043,526)	(1,184,186)
Increase/(Decrease) in other taxes payable	15,478	(71,968)
Decrease in provisions	(36,874)	(4,082)
Decrease in other liabilities	(474,923)	(225,118)
Cash flows used in operating activities*	(5,069,131)	(645,564)
Income tax paid	(502,684)	(377,047)
Interest received	172,988	130,374
Interest paid	(766,744)	(1,139,648)
Net cash flows used in operating activities	(6,165,571)	(2,031,885)

* Supplementary information: cash flows from operating activities do not include cash on escrow accounts received by authorized bank from the buyers of the residential properties as the settlement of the share participation agreements obligations in the amount of 15,063,437 as of 30 June 2021 (for the 6 months ended 30 June 2020: 1,838,313). The access to these funds is obtained by the Group only upon the completion of the residential property object.

Interim condensed consolidated statement of cash flows (continued)

	<i>For the six months ended</i>	
	30 June 2021	30 June 2020
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired (Note 19)	–	(386,319)
Purchase of investment properties	(49,372)	(42,047)
Purchase of property, plant and equipment	(97,184)	(35,752)
Proceeds from sale of property, plant and equipment and investment properties	19,388	65,941
Acquisition of subsidiary, net of cash acquired (Note 3)	93,997	–
Purchase of intangible assets	–	(1,219)
Issuance of loans receivable	(131,511)	(766,650)
Repayment of loans receivable	714,978	1,634,104
Net cash flows from investing activities	550,296	468,058
Cash flows from financing activities		
Proceeds from issue of share capital (Note 16)	1,093,000	–
Distributions to shareholders (Note 16)	(1,244,000)	–
Proceeds from borrowings and bonds	10,982,366	4,091,618
Repayment of borrowings and bonds	(4,544,034)	(2,592,208)
Changes in restricted cash (Note 15)	(140,000)	–
Payment for acquisition of non-controlling interests (Note 19)	–	(508,472)
Cash payments for the principal portion of lease liabilities (Note 4)	(272,991)	(91,304)
Net cash flows from financing activities	5,874,341	899,634
Effect of exchange rate changes on cash and cash equivalents	(8,456)	(1,211)
Net increase/(decrease) in cash and cash equivalents	250,610	(665,404)
Cash and cash equivalents at the beginning of the year	8,190,228	4,592,137
Cash and cash equivalents at the period end (Note 15)	8,440,838	3,926,733

The accompanying notes on pages 6 to 36 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity**For the six months ended 30 June 2021***(in thousands of Russian rubles)*

	Attributable to the equity holders of the parent							
	Issued capital	Share premium	Capital contribution reserve	Business combination reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 31 December 2019 (audited)	211,941	21,575,263	(4,590,577)	2,692,177	(4,075,819)	15,812,985	–	15,812,985
Loss for the period	–	–	–	–	(244,108)	(244,108)	–	(244,108)
Total comprehensive loss	–	–	–	–	(244,108)	(244,108)	–	(244,108)
Capital contributions from shareholders (Note 16)	–	–	5,464	–	–	5,464	–	5,464
Capital distributions to shareholders (Note 16)	–	–	(17,538)	–	–	(17,538)	–	(17,538)
As at 30 June 2020 (unaudited)	211,941	21,575,263	(4,602,651)	2,692,177	(4,319,927)	15,556,803	–	15,556,803
As at 31 December 2020 (audited)	211,941	21,575,263	(4,673,519)	2,190,420	(3,271,278)	16,032,827	3,380,233	19,413,060
Loss for the period	–	–	–	–	(144,852)	(144,852)	(80,063)	(224,915)
Total comprehensive loss	–	–	–	–	(144,852)	(144,852)	(80,063)	(224,915)
Issue of capital (Note 16)	74	4,499,926	–	–	–	4,500,00	–	4,500,000
Acquisition of subsidiary (Note 3)	–	–	–	–	–	–	68,955	68,955
Addition to non-controlling interest (Note 3)	–	–	–	–	(49,575)	(49,575)	49,575	–
Capital distributions to shareholders (Note 16)	–	–	(7,275)	–	(1,244,000)	(1,251,275)	–	(1,251,275)
As at 30 June 2021 (unaudited)	212,015	26,075,189	(4,680,794)	2,190,420	(4,709,705)	19,087,125	3,418,700	22,505,825

The accompanying notes on pages 6 to 36 form an integral part of these interim condensed consolidated financial statements.

(in thousands of Russian rubles)

1. Corporate information

The interim condensed consolidated financial statements of RSG International Ltd (hereinafter "the Company") and its subsidiaries (hereinafter, "RSG International" or "the Group") for the six months ended 30 June 2021 were authorized for issue on 21 October 2021.

RSG International Ltd was incorporated in the Republic of Cyprus on 24 March 2008 as a limited liability company under the Republic of Cyprus Companies Law, Cap. 113. The Company's registered office is located at 16, Spyrou Kyprianou Avenue, H&S Centre, First Floor, Office 104, 6018, Larnaca, Republic of Cyprus. The parent company of the Group is Kortros LLC. The ultimate parent company is Kortros Holding LLC.

The Group did not have the ultimate controlling party as of 30 June 2021 and 31 December 2020.

Principal activities

Principal activities of the Group include investments in and construction of real estate properties for their further sale, rent or holding for capital appreciation purposes and construction of business and residential property in Moscow and Moscow region, Ural Federal District, Northwestern Federal District and other regions of the Russian Federation. The Group specializes on projects of Complex Territories Development (CTD), which envisage the creation of balanced city-building solution (residential properties, infrastructure, work, social sphere, leisure) and its implementation on the specific land plot.

The interim condensed consolidated financial statements include the financial statements of RSG International Ltd and its more than forty wholly owned subsidiaries and three subsidiaries with non-controlling interests of 49.59%, 49.08% and 69.74% located in Moscow (Note 16).

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. For the six months ended 30 June 2021, the Group reported operating cash outflow 6,165,571 and net loss of 224,915. For the six months ended 30 June 2020, the Group reported operating cash outflow of 2,031,885 and net loss of 244,108.

Abovementioned factors do not create going concern risks as the Group still has the ability to settle its current financial and non-financial obligations in a normal course of business (current assets exceed current liabilities by 36,597,010 as at 30 June 2021 (31 December 2020: 23,254,746). In addition, the Group has the possibility to attract additional financing if necessary, since the unused borrowing facilities amount to 38,782,024 as at 30 June 2021 (31 December 2020: 23,613,242).

2020-2021 years have seen significant global market turmoil triggered by the outbreak of the novel coronavirus and Covid - 2019 pandemic. Along with other factors, this has resulted in higher volatility in stock market as well as depreciation of Russian ruble. As a result of pandemic, quarantine measures were introduced during the first half of 2020 that impacted business activities of companies from various industries.

The management of the Group implemented adequate measures to timely react on changing business environment, that included minimization of costs, switching to the use of remote technologies, including online sales, and negotiations with credit institutions to refinance current debt.

As at the date of this analysis, the Group continues to assess the impact of these factors on its financial position and future cash flows and thoroughly monitors all developments. Considering all above and actions taken, the management has concluded that the Group will continue operations and meet its obligations as they fall due.

In the next twelve months, the Group expects to finance its operating and investing activities primarily with cash generated from operations, through attraction of additional borrowings from banks and renegotiating of its short-term loans. Management believes that necessary financing will be available to the Group and it will be able to pay debts as they become due.

Based on the current market conditions the Board and the management have reasonable expectations that the Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparation of these interim condensed consolidated financial statements.

(in thousands of Russian rubles)

2. Significant accounting policies

2.1 Basis of preparation

Statement of compliance

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

These interim condensed consolidated financial statements have been prepared on a historical cost basis except when otherwise stated further.

The interim condensed consolidated financial statements are presented in Russian rubles and all values are rounded to the nearest thousand except when otherwise indicated. The functional currency of the Company and its subsidiaries is the national currency of the Russian Federation, Russian ruble ("RUR").

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2021.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company's, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards adopted by the EU and effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as all the financial assets and liabilities have either the fixed rates, or the rates depending on the amount of funds on escrow accounts. The Group do not apply RFR or IBOR in its calculations related to the accounting of financial instruments. The Group intends to use the practical expedients in future periods if they become applicable.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

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

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

The International Accounting Standards Board (Board) has extended by one year the application period of the practical expedient in IFRS 16 Leases to help lessees accounting for Covid-19-related rent concessions. In response to calls from stakeholders and because the Covid-19 pandemic is still at its height, the Board has extended the relief by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022.

The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

This amendment had no impact on the interim condensed consolidated financial statements as the Group had no amendments to the rent concessions related to Covid-19.

3. Business combinations, acquisitions and disposals

3.1 Acquisition of a subsidiary

In April 2021 the Group acquired 11.43% additional stake in its Associate 3 located in Moscow (Note 5) and as a result the Group obtained control over this company. The Group acquired the stake for cash of 137,161 which was paid directly to the company rather than its seller. Thus the Group increased its direct ownership in the associate from 48% to 59.43%, the effective share of ownership at the date of acquisition increased from 24.44% to 30.26%. Accordingly, 55,646 (40.57% of cash paid attributable to the seller) represents deemed consideration transferred by the Group in exchange of gaining control over the former Associate 3.

The transaction was accounted for as acquisition of group of assets and liabilities associated with investments into a joint venture, rather than business as defined in IFRS 3 *Business Combinations*, as the acquired company has no activities and processes except for holding of investments into joint venture (refer to Joint Venture 1 disclosed in Note 5).

As the acquisition of Associate 3 was not accounted for as business combination and as neither accounting profit nor taxable profit were affected at the time of the transaction, the initial recognition exemption in IAS 12 *Income Taxes* applies, and the Group did not recognize deferred taxes that would otherwise have arisen on temporary differences associated with the acquired assets and liabilities at initial recognition.

Total consideration for the acquisition of the additional stake in the former Associate 3 comprising non-cash consideration amounting to 244,117 that represents deemed consideration in amount of 55,646, 24.44% stake in Associate 3 held by the Group with the fair value of 8,019, and settlement of pre-existing relations at a fair value amounting to 180,452 that represents of the Group's loans receivable due from the former Associate 3. The fair values of the Group's loans receivable due from the former Associate effectively settled approximates their carrying values.

The direct non-controlling interest at the acquisition of subsidiary amounts to 68,955, the non-controlling interest calculated using effective share of ownership of the Group amounts to 118,530, the difference in the amount of 49,575 was reflected as the decrease of Retained earnings of the Group and the increase of non-controlling share.

*(in thousands of Russian rubles)***3. Business combinations, acquisitions and disposals (continued)****3.1 Acquisition of a subsidiary (continued)**

The assets and liabilities recognised in the consolidated statement of financial position on the date of the acquisitions were:

	April 2021
Investments in Joint Venture 1 (refer to Note 5)	292,090
Trade and other receivables	18
Cash and cash equivalents	93,997
Trade and other payables	(198)
Interest-bearing loans and borrowings	(120,301)
Deferred income tax liabilities	(8,180)
Fair value of identifiable net assets	257,426
Less non-controlling interest (proportionate share of the acquiree's Identifiable net assets)	(13,309)
Total consideration	244,117
The total purchase consideration comprised of:	
Deemed consideration	(55,646)
Effective settlement of loans receivable due from the former Associate	(180,452)
Fair value of the acquirer's previously held interest in associate	(8,019)
Total purchase consideration	(244,117)

The fair value of trade and other receivables approximates its' carrying value and it is expected that the full contractual amounts can be collected.

Analysis of cash flows on acquisition is as follows:

	13 April 2021
Purchase consideration, settled in cash	–
Less cash and cash equivalents of subsidiary acquired	(93,997)
Net cash inflow on acquisition (included in cash flows from investing activities)	(93,997)

4. Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the six months ended 30 June 2021 and 2020 are presented below:

	2021	2020
Right-of-use assets		
Cost		
As at 1 January	2,925,666	702,832
Additions	8,519	358,594
Effect of modification of lease agreement	(18,872)	7,307
Disposals	(231,637)	–
As at 30 June	2,683,676	1,068,733
Accumulated depreciation and impairment		
As at 1 January	(614,389)	(255,584)
Depreciation expense	(735,032)	(132,536)
Disposals	231,637	–
As at 30 June	(1,117,784)	(388,120)
Net value as at 1 January	2,311,277	447,248
Net value as at 30 June	1,565,892	680,613

Right-of-use assets are represented by lease of land plots and buildings.

*(in thousands of Russian rubles)***4. Right-of-use assets and lease liabilities (continued)**

Depreciation of right-of-use assets in amount of 730,963 was included in the carrying amount of constructed property for the period ended 30 June 2021 (30 June 2020: 132,536).

	2021	2020
Lease liabilities		
As at 1 January (Note 20)	(2,145,346)	(592,821)
Additions	(8,522)	(45,861)
Effect of modification of lease agreement	18,872	(7,770)
Interest expense (note 6)	(64,919)	(36,240)
Lease payments	336,423	127,544
Non-cash lease payments	1,570	75
As at 30 June (Note 20)	(1,861,922)	(555,073)
Non-current	(1,244,872)	(355,527)
Current	(617,050)	(199,546)

The Group discounted lease payments using its incremental borrowing rate for measuring lease liabilities for leases that were classified before as operating leases. The weighted average incremental borrowing rate (range) for different leases was 8.78-13.54%.

Lease payments on short-term leases and leases of low-value assets are recognized as expense and amounted to 10,483 and 9,011 for the six months ended 30 June 2021 and 2020 accordingly (Note 6).

As of 30 June 2021 non-current and current lease liabilities include accounts payable due to related parties in the amount of 25,334 and 163 accordingly (31 December 2020: 24,638 and 145) (Note 23).

5. Investment in associates and Joint Venture**5.1 Investment in associates**

The effect on financial statements of movement of investment in the associates and joint venture was as follows:

	For the six months ended 30 June	
	2021	2020
Opening balance as at 1 January	70,886	39,041
Dividends income	(6,343)	–
Additional investments in Joint Venture 1	292,090	–
Disposals	(8,019)	–
Share of profit for the period	11,724	7,188
Closing balance as at 30 June	360,338	46,229

The Group accounts for investments in associates under the equity method.

As at 30 June 2021 the Group has the following investments in associates:

- ▶ 25%+1 share in the entity that provides services to citizens of Ural Region of the Russian Federation (Associate 1),
- ▶ 49% share in the entity that provides services to citizens in Moscow (Associate 2),
- ▶ Nil in Associate 3 as during the reporting period the Group purchased controlling stake and start consolidating the Company from April 2021 (Note 3).

In 2021 the Group accrued and not received at the reporting date dividends in the amount of 6,343 including tax on dividends in amount of 825 (2020: nil).

*(in thousands of Russian rubles)***5. Investment in associates and Joint Venture (continued)****5.1 Investment in associates (continued)**

The following tables illustrate the summarized financial information of investments in associates:

(a) Associate 1

	30 June 2021	31 December 2020
Current assets	354,221	302,396
Non-current assets	31,566	31,249
Current liabilities	(187,386)	(119,851)
Share capital	(14,175)	(14,175)
Retained earnings	(184,226)	(199,619)
Group's share in equity	25%	25%
Group's carrying amount of the investment	49,600	53,449

	For the six months ended 30 June 2021	2020
Revenue	873,269	702,202
Cost of sales	(805,710)	(644,113)
Other income and expenses	(54,624)	(21,077)
Profit before tax	12,935	37,012
Income tax expense	(2,959)	(8,259)
Profit for the period	9,976	28,753
Group's share of profit	2,494	7,188

(b) Associate 2

	30 June 2021	31 December 2020
Current assets	86,368	72,103
Non-current assets	951	92
Current liabilities	(52,468)	(31,884)
Non-current liabilities	(23,320)	(26,147)
Share capital	(10)	(10)
Retained earnings	(11,521)	(14,154)
Group's share in equity	49%	49%
Group's carrying amount of the investment	5,650	6,940

	For the six months ended 30 June 2021
Revenue	84,411
Cost of sales	(72,925)
Administrative and other income and expenses	(14,085)
Loss before tax	(2,599)
Income tax expense	(34)
Loss for the period	(2,633)
Group's share of loss	(1,290)

(c) Associate 3

	April 2021	31 December 2020
Current assets	93,895	93,816
Non-current assets	247,920	255,778
Current liabilities	(74)	(16)
Non-current liabilities	(308,933)	(306,631)
Share capital	(90)	(10)
Retained earnings	(32,718)	(42,937)
Group's share in equity	24.44%	24.44%
Group's carrying amount of the investment	8,019	10,497

*(in thousands of Russian rubles)***5. Investment in associates and Joint Venture (continued)****5.1 Investment in associates (continued)**

	<i>For the period January 2021 – April 2021</i>
Finance and other income and expenses	(4,909)
Other income and expenses	(7,866)
Profit before tax	(12,775)
Income tax benefit	2,636
Loss for the period	(10,139)
Group's share of loss	(2,478)

5.2 Investment in Joint Venture

In 2021 the Group recognized additions to investments (Joint Venture 1) in amount of 292,090 with share of 51% tied with acquisition of subsidiary which was previously accounted for as the Associate 3. Information about the acquisition is disclosed in Note 3.

Main activity of Joint Venture 1 is production and realization of concrete and sand in Moscow and port activities. The Group expects that the participation in the joint venture will provide an opportunity to develop a new construction project in Moscow using the company's land plots. The Group analyzed the existence and / or lack of control over this investee in accordance with IFRS 10 and concluded that control over the entity is exercised jointly with the second shareholder (the third party holding 49% of the shares). The decision-making process on the relevant activity and the business as a whole was carried out by the Board of Directors of the Joint Venture, which should be approved by all shareholders unanimously.

The Group accounts for investment in Joint Venture under the equity method. The following tables illustrate the summarized financial information of the investment in Joint Venture 1:

Joint Venture 1

	<i>30 June 2021</i>
Cash and cash equivalents	7,735
Trade and other receivables	190,662
Other current assets	23,524
Interest-bearing loans receivable	19,950
Other non-current assets	509,710
Interest-bearing loans and borrowings	(23,151)
Trade and other payables	(130,218)
Non-current liabilities	–
Share capital	(146,922)
Retained earnings	(451,290)
Group's share in equity	51%
Group's carrying amount of the investment	305,088

	<i>For the period April-June 2021</i>
Revenue	191,067
Cost of sales	(137,430)
Interest income	508
Interest expense	(526)
Other income and expenses	(21,201)
Profit before tax	32,418
Income tax expense	(6,932)
Profit for the period	25,486
Group's share of profit	12,998

Depreciation of property, plant and equipment included in cost of sales of Joint Venture 1 for the period amounted to 8,625.

*(in thousands of Russian rubles)***6. Income and expenses****6.1 Revenues**

Revenues include the following:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Revenue from contracts with customers		
Sales of residential property	15,578,822	9,464,169
Barter revenue	1,668,004	154,047
Sale of heating, electricity and energy supply services	94,096	66,738
Technical supervision services	889	46,833
Other revenue	169,452	459,439
Total revenue from contracts with customers	17,511,263	10,191,226
Rental income	30,114	15,455
Total	17,541,377	10,206,681

Revenues from contracts with customers include the following:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Revenue recognized over time		
Sales of residential property	11,169,154	5,620,200
Barter revenue	1,668,004	–
Sale of heating, electricity and energy supply services	94,096	66,738
Technical supervision services	889	46,833
Total revenue recognized over time	12,932,143	5,733,771
Revenue recognized at point in time		
Sales of residential property	4,409,668	3,843,969
Barter revenue	–	154,047
Other revenue	169,452	459,439
Revenue recognized at point in time	4,579,120	4,457,455
Total revenue from contracts with customers	17,511,263	10,191,226

Revenue of each reportable segment, presented in the Note 26, mainly comprise of revenue from sales of residential property, except for the segment “Management Company” which revenue mainly comprise of rental income.

Barter revenue recognized over time relates to transfer of apartments to customers according to the agreement with third parties concluded in prior periods.

Sale of heating, electricity and energy supply services represents the revenue from transfer of electricity and heating energy from the provider of public facilities to third and related parties and revenue from connection of customers to public facilities networks.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<i>For the period ended</i>	
	<i>30 June 2021</i>	<i>31 December 2020</i>
Receivables, which are included in “Trade and other receivables” (Note 13)	772,996	902,599
Contract assets	12,585,661	6,095,804
Advances from customers included in “Contract liabilities” (Note 21)	6,915,977	7,953,550

The contract assets primarily relate to the Group enforceable right to payment for work performed as at reporting date. The contract assets are transferred to receivables when the rights become unconditional. The advances from customers represent cash payments received from customers and are included in the contract liabilities. Other contract liabilities related to transfer of apartments and commercial premises as well as significant changes in the contract assets and the contract liabilities are disclosed in Note 21.

Increase of contract assets as of 30 June 2021 comparing to 31 December 2020 correlates to increase of revenue from sale of residential property using share participation agreement for the six months ended at 30 June 2021 comparing to the second half of 2020.

*(in thousands of Russian rubles)***6. Income and expenses (continued)****6.1 Revenues (continued)**

The net aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of 30 June 2021 amounts to 5,669,684 (31 December 2020: unsatisfied of 1,857,746) and is going to be recognized within subsequent one or two years.

6.2 Employee benefits, depreciation and amortization

Staff costs, depreciation of property, plant and equipment and amortization of intangible assets included in cost of sales, general and administrative expenses and other expenses amounted to the following:

	<i>For the six months ended 30 June</i>	
	2021	2020
Staff costs, including social security taxes	559,843	556,223
- Payroll costs and other staff costs	471,750	477,307
- Social security taxes	88,093	78,916
Depreciation and amortisation	36,487	25,244

Staff costs capitalized as a part of additions to inventories amounted to 791,701 for the six months ended 30 June 2021 (six months ended 30 June 2020: 654,423).

6.3 Cost of sales

Cost of sales includes the following:

	<i>For the six months ended 30 June</i>	
	2021	2020
Cost of sales of residential property	13,611,028	7,446,068
Cost of sales for rent	4,101	1,073
Other costs	112,269	265,939
Total	13,727,398	7,713,080

For the six months ended 30 June 2021 and 2020, cost of sales of residential property contain non-cash cost related to capitalized development rights in the amount of 1,696,566 and 214,415 respectively.

6.4 General and administrative expenses

The structure of general and administrative expenses was the following:

	<i>For the six months ended 30 June</i>	
	2021	2020
Staff costs, including social security taxes	311,175	260,448
Consulting	100,162	91,708
Other professional services	18,418	7,302
Depreciation of property, plant and equipment	14,152	9,046
Other assurance services	14,009	17,703
Short-term leases and leases of low-value assets	10,483	9,011
Amortization of intangible assets	4,975	3,331
Other	104,936	83,859
Total	578,310	482,408

Other general and administrative expenses included security, representation, material, repair and maintenance, telecommunication and other expenses.

*(in thousands of Russian rubles)***6. Income and expenses (continued)****6.5 Finance income and costs**

The components of finance income were as follows:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Interest on bank accounts and deposits	156,102	99,420
Interest on loans receivable	25,437	67,135
Income on unwinding of discount on receivables	76,297	15,609
Total	257,836	182,164

The components of finance costs were as follows:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Interest expense	976,715	1,038,428
Interest on project financing using effective interest rate	366,486	–
Significant financing component under IFRS 15	322,066	280,252
Interest on lease liabilities (Note 4)	64,919	36,240
Other financial expenses	30,748	15,797
Total	1,760,934	1,370,717

During 2019-2021, the Group obtained bank loans to finance construction of residential real estate at a variable interest rate that depends on the funds accumulated on escrow accounts. Interest on project financing using effective interest rate accrued by Group for the difference between effective interest rate and preferential rate on escrow accounts (Note 17).

6.6 Other operating income and expenses

The components of other operating income were as follows:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Gain from modification of liabilities for permitted use of land alteration (Note 20)	–	30,498
Penalty fees income	–	7,910
Gain on derecognition of accounts payable	–	3,063
Gain on sale of property plant and equipment and inventory	677	1,094
Gain on change of allowance for expected credit loss recognized on interest-bearing loans receivable (Notes 11)	1,837	–
Other income	2,564	9,046
Total	5,078	51,611

The components of other operating expenses were as follows:

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Commercial expenses (1)	532,323	279,154
Write-down of inventories to net realizable value (Note 12) (2)	734,984	155,085
Staff costs, including social security taxes	195,891	140,502
Other taxes (excluding income tax)	118,473	81,719
Maintenance of completed real estate property	95,616	72,092
Allowance for expected credit loss recognized on trade and other receivables, impairment of prepayments (Notes 13, 14)	8,624	41,700
Charity	13,705	22,233
Increase in legal provisions (Note 22)	10,321	21,943
Bank services	17,066	5,355
Penalties fees	12,915	3,946
Short-term leases	–	1,145
Write-off of irrecoverable accounts receivable and loan receivable	275	39
Other expenses	111,027	40,268
Total	1,851,220	865,181

*(in thousands of Russian rubles)***6. Income and expenses (continued)****6.6 Other operating income and expenses (continued)**

- (1) As per accounting policy the Group recognizes commercial expenses as Other expenses. Commercial expenses are related to the cost of attracting residential property customers.
- (2) Write-down of inventories to net realizable value during the six months ended 30 June 2021 increased due to the fact that the Group recognized the expense in amount of 364,559 which relates to the write-down of the cost of underground parking places due to a significant discount offered to a third party customer for the volume to be acquired at once, the wholesale deal is expected in the second half of 2021. Remaining amount of write-down of inventories to net realizable value relates to the underground parking places and occurred due to the increase of the stage of completion of construction projects.

7. Income tax**Corporate tax**

The Group's income was subject to tax at the following tax rates:

	2021	2020
The Russian Federation (ordinary rate)	20.00%	20.00%
The Republic of Cyprus	12.50%	12.50%

Major components of income tax expense for the six months ended 30 June 2021 and 2020, were as follows:

	<i>For the six months ended 30 June</i>	
	2021	2020
Income tax expense – current	(192,865)	(266,964)
(Accrual)/reversal of tax risks provision	(8,679)	5,321
Dividend tax	(825)	–
Deferred tax expense	(122,559)	(2,901)
Income tax for previous years, including deferred tax	(35,215)	–
Income tax expense reported in interim condensed consolidated statement of profit or loss and other comprehensive income	(360,143)	(264,544)

The major part of income taxes is paid in the Russian Federation.

8. Property, plant and equipment

Fittings and fixtures represent electricity networks used by the Group to provide public facility services, buildings represent offices for employees.

Additions to construction in progress for the six months ended 30 June 2021 in the total amount of 107,634 (six months ended 30 June 2020: 41,195) were mainly represented by construction costs incurred on continued construction of utilities networks in the amount of 97,537 (six months ended 30 June 2020: 26,161) and equipment for street advertising in the amount of 11,369 for the six months ended 30 June 2020.

Disposals of property, plant and equipment for the six months ended 30 June 2021 in the total amount of 1,420 were mainly represented by disposal of security cameras for protection of residential complex in Yekaterinburg. Disposals of property, plant and equipment for the six months ended 30 June 2020 in the total amount of 214 were mainly represented by disposal of cars.

Interest (net of the interest reimbursed by the governmental bodies), capitalized as part of additions to property, plant and equipment, amounted to 7,134 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 10,637). The weighted average rate for the borrowings which were obtained for construction purposes (either in part, or in full) for the six months ended 30 June 2021 equals 9.23% (for the six months ended 30 June 2020: 12.31%).

For the six months ended 30 June 2021 the Group recognized depreciation charge of 35,503 (for the six months ended 30 June 2020: 23,732).

*(in thousands of Russian rubles)***9. Intangible assets**

Intangible assets consisted of the following:

	<i>Development rights</i>	<i>Other</i>	<i>Total</i>
Cost			
Balance as at 31 December 2019 (audited)	4,314,305	43,132	4,357,437
Additions	–	1,219	1,219
Balance as at 30 June 2020 (unaudited)	4,314,305	44,351	4,358,656
Balance as at 31 December 2020 (audited)	14,625,407	52,864	14,678,271
Additions	–	–	–
Balance as at 30 June 2021 (unaudited)	14,625,407	52,864	14,678,271
Accumulated amortization and impairment			
Balance as at 31 December 2019 (audited)	(555,489)	(16,598)	(572,087)
Amortization charge	(232,550)	(3,331)	(235,881)
Balance as at 30 June 2020 (unaudited)	(788,039)	(19,929)	(807,968)
Balance as at 31 December 2020	(1,909,427)	(25,857)	(1,935,284)
Amortization charge	(1,515,701)	(4,975)	(1,520,676)
Balance as at 30 June 2021 (unaudited)	(3,425,128)	(30,832)	(3,455,960)
Net book value as at 31 December 2019 (audited)	3,758,816	26,534	3,785,350
Net book value as at 30 June 2020 (unaudited)	3,526,266	24,422	3,550,688
Net book value as at 31 December 2020 (audited)	12,715,980	27,007	12,742,987
Net book value as at 30 June 2021 (unaudited)	11,200,279	22,032	11,222,311

Development rights are represented by permissions to use land for construction purposes received from certain number of individuals or local authorities free of charge in exchange for obligation to transfer them residential premises or constructed social objects, respectively. Carrying value of recognized development rights was determined as market value of residential premises / social objects to be transferred.

Amortization of development rights in amount of 1,515,701 was included in the carrying amount of constructed property for the period ended 30 June 2021 (30 June 2020: 232,550).

10. Investment properties

Investment property consisted of the following:

	<i>2021</i>	<i>2020</i>
Opening balance as at 1 January – investment property	9,069,712	9,452,414
Opening balance as at 1 January – investment property held for sale	27,282	30,000
Additions (subsequent expenditure)	70,893	92,126
Transfer to inventory (Note 12)	(1,357,459)	(591,366)
Disposal	(27,282)	(66,126)
Increase in fair value of investment property	245,375	5,617
Closing balance at 30 June – investment property	8,028,521	8,818,808
Closing balance at 30 June – investment property – held for sale	–	103,857

Transfer of investment properties to inventory occurs when the Group starts development of respective land plot, the deemed cost of inventory is the fair value of land plot at the date of the latest valuation determined proportionately to the planned volume of construction.

Interest capitalized as part of subsequent expenditure to investment properties amounted 21,521 and 50,079 for the six months ended 30 June 2021 and 2020, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization in six months ended 30 June 2021 was 3.98% (2020: 11.17%). The Group had income from rent of investment property of 1,667 and direct operating expenses arising from investment property that generated rental income of 2,062 in 2021 (2020: 1,305 and 1,073 respectively).

*(in thousands of Russian rubles)***10. Investment properties (continued)**

During the six months ended 30 June 2021 and 2020, the fair value of investment property was primarily determined based on valuation performed by an accredited independent appraiser, who holds recognised and relevant professional qualification and who has had recent experience in the locations and category of the investment property being valued.

As at 31 December 2020, the Group had an intention to sell land plots in Ural Region of the Russian Federation. Therefore, the Group transferred following land plots to the Investment property held for sale, the fair value of the assets was measured based on the expected sale price of 27,282.

The fair value of investment property was determined using the income approach and/or the sales comparison approach. The income approach is based on the assumption that the value of the property is conditional on the future benefits that the property will bring the owner within a certain period of time, and the risks associated with receiving the benefits. The sales comparison approach is based on comparative analysis of actual sales and/or asking prices for comparable properties.

Investment property fair values relate to the Level 3 of fair value hierarchy. Fair value hierarchy disclosures for investment properties have been provided in Note 25.

Description of valuation techniques used and key inputs to valuation on investment properties

The Group used income and comparable approaches for valuation of investment property. Below are the major projects of the Group and description of valuation techniques for each as at 30 June 2021 and 31 December 2020. The investment properties are represented by the land plots for project of Complex Territories Development (CTD) in Ural Region of the Russian Federation.

Project of CTD in Ural Region of the Russian Federation had the fair value of investment property of 7,620,192 and 94.91% share in total interim condensed consolidated value of investment property as of 30 June 2021 (31 December 2020: 8,534,612 and 93.82% respectively).

Unobservable inputs for project for the six months ended 30 June 2021 were as follows:

<i>Description</i>	<i>Methods of assessment</i>	<i>Unobservable inputs for project</i>	<i>Range (weighted average)</i>	<i>Sensitivity of the fair value to the inputs</i>
Land plots	Income approach, discounted cash flow method	Discount rate for investor's cash flows	19.00%	Increase of investor's cash flows discount rate to 1%, 2% and 3% would decrease fair value by 302,000, 594,000 and 873,000
		Discount rate for developer's cash flows	25.00%	Increase of developer's discount rate to 1%, 2% and 3% would decrease fair value by 204,000, 398,000 and 579,000
		Construction costs	43.777 per sq m	Increase of construction costs to 3%, 5%, 7% and 10% would decrease fair value by 800,000, 1,339,000, 1,878,000 and 2,694,000
		Maximum sales volume of apartments	203,000 sq m per annum	Decrease of sales volume of apartments from 203,000 down to 180,000-150,000 sq m per annum would increase fair value by 120,000 and decrease fair value by 1,739,000 respectively.

Unobservable inputs for project for the six months ended 30 June 2020 were as follows:

<i>Description</i>	<i>Methods of assessment</i>	<i>Unobservable inputs for project</i>	<i>Range (weighted average)</i>	<i>Sensitivity of the fair value to the inputs</i>
Land plots	Income approach, discounted cash flow method	Discount rate for investor's cash flows	19.00%	Increase of investor's cash flows discount rate to 1%, 2% and 3% would decrease fair value by 388,000, 759,000 and 1,114,000
		Discount rate for developer's cash flows	25.00%	Increase of developer's discount rate to 1%, 2% and 3% would decrease fair value by 217,000, 419,000 and 612,000
		Annual change of sales price for residential areas	2.1%, 4.2%, 4.2%, 4.2%	Annual change of sales price for residential areas by 1.85%, 4%, 4%, 4% would decrease fair value by 304,000
		Maximum sales volume of apartments	230,000 sq. m. per annum	Decrease of sales volume of apartments from 230,000 down to 200,000-150,000 sq. m. per annum would decrease fair value by 767,000-2,396,000 respectively

Significant increases/(decreases) in price adjustments to the comparable plots and discount rate in isolation would result in a significantly higher/(lower) fair value of the properties.

*(in thousands of Russian rubles)***11. Interest-bearing loans receivable**

Current and non-current interest-bearing loans receivable were as follows as of:

	<i>Effective interest rate</i>	<i>30 June 2021</i>	<i>31 December 2020</i>
Non-current loans receivable			
Loans receivable from third parties at amortized cost (a)	2.72-12.51%	169,846	212,472
Loans receivable from related parties at amortised cost (b)	3.20-9.23%	103,415	9,302
Loans receivable from related parties at FVPL (c) (Note 23)	5.00-12.23%	332,179	781,779
Total non-current loans receivable		605,440	1,003,553
Current loans receivable			
Loans receivable from third parties at amortised cost (d)	3.50-7.80%	251,608	509,150
Loans receivable from third parties at FVPL	9.00%	–	8,134
Loans receivable from related parties at amortised cost (Note 23) (e)	3.20-11.96%	141,695	259,482
Loans receivable from related parties at FVPL (f) (Note 23)	3.20%	20,000	–
Allowance for expected credit losses on loans receivable at amortised cost (Note 6.6)		(1,006)	(2,843)
Total current loans receivable		412,297	773,923

See table below for the allowance for expected credit losses on loans receivables:

	<i>30 June 2021</i>	<i>30 June 2020</i>
At 1 January	2,843	870
Reversal of unused amounts (Note 6.6)	(1,837)	–
At 30 June	1,006	870

- (a) As of 30 June 2021, non-current loans receivable from third parties at amortized cost in amount of 169,846 (as of 31 December 2020: 212,472) include promissory notes issued by Russian banks with repayment in 2022-2023. Promissory note in the amount of 152,620 and 195,537 were pledged as a collateral for loans and borrowings as of 30 June 2021 and 31 December 2020 respectively (Note 17).
- (b) In 2021 the Group issued loans to other related parties in amount of 75,030 with interest rate 5.60% maturing in 2024. These loans receivable outstanding amount is equal to 75,750 as of 30 June 2021 (31 December 2020: nil). In January 2021 the Group issued loan to related party in amount of 20,500 maturing in 2025. This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the fair value and the nominal value of the loan was recorded as distribution to shareholders in the interim condensed consolidated statement of changes in equity of the Group and amounted to 7,275 (Note 16). The loan receivable outstanding amounted to 13,771 and nil at 30 June 2021 and 31 December 2020 respectively.
- (c) In December 2019, the Group provided loans to related party in the amount of 619,000 maturing in 2021-2025. These loans were recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. The difference between the loan amount and its fair value (present value using current market rates for similar instruments) was recorded as distribution to shareholders in the consolidated statement of changes in equity of the Group and amounted to 102,991. During the six months ended 30 June 2020 due to additional loan provided and change of interest rates of the loans the Group recognised capital distribution to shareholders in the amount of 17,538 and nil for the six months ended 30 June 2021 (Note 16). During the six months ended 30 June 2021 loan in the amount of 330,000 was repaid. These loans receivable outstanding amount is equal to 332,179 and 599,923 as at 30 June 2021 and 31 December 2020.

The carrying value of loans receivable amounting to 181,856 as of 31 December 2020 related to loans receivable from an associate and other related parties, and maturing in 2022-2024. In April 2021 the Group acquired the associate and the loans receivable amounting to 180,452 were effectively settled (Note 3).

*(in thousands of Russian rubles)***11. Interest-bearing loans receivable (continued)**

- (d) As at 31 December 2020 the Group provided loans to a general contractor maturing in 2021 for construction of residential properties in Moscow region and street network in Yekaterinburg. These loans receivable outstanding amount is equal to 88,699 as of 30 June 2021 (31 December 2020: 309,761). The Group recognised expected credit loss on these loans in the amount of 1,006 as of 30 June 2021 (31 December: 2,843).

In 2020 the Group also provided loan to other third party in amount of 159,000. These loans receivable outstanding amount is equal to 161,898 as of 30 June 2021 (31 December 2020: 159,138).

Current loans receivable from third parties at amortised cost as of 31 December 2020 included promissory note issued by Russian bank with repayment in 2021. Promissory note in the amount of 36,327 was pledged as a collateral for loans and borrowings as of 31 December 2020 (Note 17).

- (e) In November 2020, the Group provided loan to related party maturing in 2021 (Note 16). This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the loan amount and its fair value (present value using current market rates for similar instruments) was recorded as distribution to shareholders in the consolidated statement of changes in equity of the Group and amounted to 17,305. The loan receivable outstanding amount is equal to 141,695 and 133,974 as at 30 June 2021 and 31 December 2020.

During the six months ended 30 June 2021 loans issued to other related parties in the amount of 126,354 was repaid. As of 30 June 2021 and 31 December 2020, the Group had loans receivable from other related parties in the amount of nil and 125,508 respectively.

- (f) In April 2021 the Group acquired new subsidiary which had loan issued to related party in the amount of 20,000 maturing in 2021.

12. Inventories

Inventories consisted of the following as of:

	30 June 2021	31 December 2020
Inventory properties under construction		
- at cost	20,535,815	20,043,280
- at net realizable value	958,936	857,409
Constructed inventory properties		
- at cost	4,198,604	6,738,843
- at net realizable value	781,113	1,211,817
Other inventory		
- at cost	1,304,517	1,040,757
- at net realizable value	891,753	891,753
Total	28,670,738	30,783,859
Including:		
- Current	28,641,531	30,687,802
- Non-current	29,207	96,057

Inventories are classified as current when the following conditions are met: i) construction is ongoing; ii) the completion and the sale of the asset is anticipated to occur in near future and as part of the normal construction period, which is longer than one calendar year, and no significant delays in construction are expected. Otherwise, the inventory is classified as non-current.

As of 30 June 2021 and 31 December 2020, the cumulative write-down to net realizable value in respect of inventories amounted to 2,689,943 and 2,390,814 respectively.

*(in thousands of Russian rubles)***12. Inventories (continued)**

A summary of movement in inventories is set out in the table below:

	30 June 2021	30 June 2020
Opening balance at 1 January (audited)	30,783,859	27,925,590
Construction costs incurred	10,964,872	6,543,408
Other costs incurred	19,103	58,786
Interest capitalized	40,215	68,323
Interest reimbursed by the governmental bodies (Note 6.5)	–	(3,192)
Transfer to plant, property and equipment	662	–
Transfer from investment property (Note 10)	1,357,459	591,366
Write-down to net realizable value (Note 6.6)	(734,984)	(155,085)
Disposals (recognized in cost of sales of residential property) (Note 6.3)	(13,603,996)	(7,446,068)
Disposals (recognized in cost of other sales and other expenses)	(19,103)	(58,786)
Reclassification to net investment in lease	(137,349)	–
Closing balance at 30 June	28,670,738	27,524,342

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization for the six months ended 30 June 2021 was 9.23% (six months ended 30 June 2020: 12.31%).

13. Trade and other receivables

Trade and other receivables in current assets consisted of the following as at:

	30 June 2021	31 December 2020
Trade accounts receivable due from third parties	749,594	874,792
Trade accounts receivable due from related parties (Note 23)	23,402	27,807
Other accounts receivable due from third parties	452,658	499,717
Receivables for issue of additional capital due from related parties (Note 23)	3,407,000	–
Other accounts receivable due from related parties (Note 23)	8,069	3,642
Net investment in lease	44,375	–
Allowance for expected credit losses	(176,611)	(166,720)
	4,508,487	1,239,238

See table below for the allowance for expected credit losses on trade and other receivables:

	30 June 2021	30 June 2020
At 1 January	166,720	158,906
Provision for expected credit loss for the reporting period (Note 6.6)	17,275	8,928
Reversal (Note 6.6)	(7,384)	(3,021)
At 30 June	176,611	164,813

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 6.1 while the information about the credit exposures are disclosed in Note 25.

Non-current trade and other receivables as of 30 June 2021 represent the balances due from customers for sale of land plots in amount of 40,533 (31 December 2020: 138,588) and by balances due from customers for sale of underground parking places in amount of 17,303 (31 December 2020: 21,076).

Trade and other receivables in non-current assets represent mainly the trade receivables from third parties for the sale of residential property.

*(in thousands of Russian rubles)***14. Prepayments**

Prepayments consisted of the following as at:

	30 June 2021	31 December 2020
Prepayments made to third parties	4,137,298	2,819,450
Prepayments made to related parties (Note 23)	107	8,096
Impairment of prepayments	(152,971)	(154,238)
	3,984,434	2,673,308

See below for the movements in the provision for impairment of prepayments:

	30 June 2021	30 June 2020
At 1 January	154,238	122,707
Charge for the period (Note 6.6)	849	39,726
Reversal (Note 6.6)	(2,116)	(4,004)
Utilised	–	(2,255)
At 30 June	152,971	156,174

15. Cash and cash equivalents

Cash and cash equivalents consisted of the following as of:

	30 June 2021	31 December 2020
Cash	8,394,085	8,105,250
Restricted cash	–	69,157
Cash in deposit accounts	46,753	15,821
Cash and cash equivalents	8,440,838	8,190,228

As at 30 June 2021 the Group also had restricted cash accounted for within non-current assets due to availability of withdrawal of these funds. The Group had to maintain a minimum balance amounting to 140,000 on pledge account according to credit facility obtained. The excess amount on that account could be used in a day-to-day operations.

As of 31 December 2020, the Group had to maintain a minimum balance amounting to 69,157 on its current account at the end of each operating day, the balance is presented as a restricted cash, and the Group is able to use that funds in a day-to-day operations. The account was closed in April 2021.

Cash on escrow accounts (supplementary information)

In accordance with the Federal Law № 214-FZ that came in effect as at 1 July 2019, the financing provided by the customers under share participation agreements is accumulated first at the authorized banks' accounts. The developer has no longer access to these funds but can obtain bank loans that are secured by those funds at the lower interest rates. The access to these funds is obtained by the developer only upon the completion of the residential property object. The developer reflects those funds off balance.

The Group received cash on escrow accounts at authorized bank from the buyers of the residential properties as the settlement of the share participation agreements obligations in the amount of 15,063,437 for the period ended 30 June 2021 (for the 6 months ended 30 June 2020: 1,838,313).

During the six months ended 30 June 2021, as a result of completion of the construction, the sales of which was carried out using escrow accounts, in accordance with the legislation, the Group obtained the right to receive funds from equity holders placed on escrow accounts in the amount of 697,532 of which 696,042 was used as repayment of borrowings on project financing and in the amount of 1,006 as repayment of interest on project financing.

The cash on escrow accounts as at 30 June 2021 amounted to 32,600,963 (31 December 2020: 18,235,058) and is not reflected in the consolidated statement of financial position of the Group.

*(in thousands of Russian rubles)***16. Equity**

Total number of outstanding shares is comprised of the following:

<i>Authorized, issued and fully paid</i>	<i>Number of shares</i>	<i>Share capital</i>
At 31 December 2020	6,786,305	211,941
At 30 June 2021	6,787,305	212,015

In June 2021, the Group declared an increase of share capital by issuing of one thousand ordinary shares of \$1 each (at an exchange rate of 73.4979 rubles per \$1) with a premium of \$61,225.24 per share and price of \$61,226.24 (equivalent 4,499,926 thousand rubles). The share capital increase was partially paid in the amount of 1,093,000 thousand rubles.

During 2021 the Group transferred funds to shareholders and recognised capital distributions to shareholders in the amount of 1,244,000.

In January 2021, the Group provided a loan to a related entity maturing in 2025 (Note 11). This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the fair value and the nominal value of the loan was recorded as distribution to shareholders in the interim condensed consolidated statement of changes in equity of the Group and amounted to 7,275. The loan receivable outstanding amounted to 13,771 and nil at 30 June 2021 and 31 December 2020 respectively.

In November 2020, the Group provided loan to related party maturing in 2021 (Note 11). This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the loan amount and its fair value (present value using current market rates for similar instruments) was recorded as distribution to shareholders in the consolidated statement of changes in equity of the Group and amounted to 17,305. The loan receivable outstanding amount is equal to 141,695 and 133,974 as at 30 June 2021 and 31 December 2020 respectively.

In December 2019, the Group provided loans to related party maturing in 2021-2025 (Note 11). These loans were recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the fair value and the nominal value of the loan was recorded as distribution to shareholders in the interim condensed consolidated statement of changes in equity of the Group and amounted to 102,991. During the six months ended 30 June 2020 due to additional loan provided and change of interest rates of the loans the Group recognised capital distribution to shareholders in the amount of 17,538 and nil for the six months ended 30 June 2021. These loans receivable outstanding amount is equal to 332,179 as at 30 June 2021 (31 December 2020: 599,923).

At 31 December 2019 the Group recognized borrowings from an entity under common control at fair value on initial recognition based on the market rate of interest for similar loans in the amount of 44,300, the difference between the loan amount and its fair value was recorded as a contribution from shareholders in the consolidated statement of changes in equity for the year ended 31 December 2020 of the Group and amounted to 5,464. The loans payable outstanding amounted to nil as at 30 June 2021 and 31 December 2020 respectively.

Accumulated balance of capital contribution reserve relates to historical transactions with entities under common control and effect of discounting of loans from related parties.

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity interest held by non-controlling interests (effective holdings):

	<i>30 June 2021</i>	<i>31 December 2020</i>
Subsidiary 1	49.59%	49.59%
Subsidiary 2	49.08%	49.08%
Subsidiary 3	69.74%	–

Subsidiary 1 is a development company performing construction of multifunctional residential complex in Moscow. Subsidiary 2 represents a group of development companies in Moscow, main activity of which is realization of development projects in Moscow as well as realization of real estate property to final customers. Subsidiary 3 is a company main activity of which is holding of investments.

*(in thousands of Russian rubles)***16. Equity (continued)****Material partly-owned subsidiaries (continued)**

Summarised statement of comprehensive income for the period ended 30 June 2021 is presented below:

	<i>Subsidiary 1</i>	<i>Subsidiary 2</i>	<i>Subsidiary 3</i>	<i>Total</i>
Revenue from contracts with customers	5,464,418	291,653	–	5,756,071
Cost of sales	(4,788,178)	(229,253)	–	(5,017,431)
Other operating income/(expenses)	(669,002)	(555,703)	12,538	(1,212,167)
Finance income/(costs)	(462,817)	698,450	(1,013)	234,620
Profit/(loss) before tax	(455,579)	205,147	11,525	(238,907)
Income tax	84,421	(6,361)	(2,305)	75,755
Profit/(loss) for the period	(371,158)	198,786	9,220	(163,152)
Total comprehensive income/(loss)	(371,158)	198,786	9,220	(163,152)
Attributable to non-controlling interests	(184,057)	97,564	6,430	(80,063)

Summarised statement of financial position as at 30 June 2021 is presented below:

	<i>Subsidiary 1</i>	<i>Subsidiary 2</i>	<i>Subsidiary 3</i>	<i>Total</i>
Non-current assets	14,079,981	1,894,069	260,917	16,234,967
Current assets	14,497,986	3,010,882	358,591	17,867,459
Non-current liabilities	(15,372,198)	(1,050,505)	(440,229)	(16,862,932)
Current liabilities	(10,006,742)	(375,752)	(99)	(10,382,593)
Total equity	(3,199,027)	(3,478,694)	(179,180)	(6,856,901)
Attributable to:				
Equity holders of parent	(1,612,630)	(1,771,351)	(54,220)	(3,438,201)
Non-controlling interest	(1,586,397)	(1,707,343)	(124,960)	(3,418,700)

Summarised cash flow information for the period ended 30 June 2021:

	<i>Subsidiary 1</i>	<i>Subsidiary 2</i>	<i>Subsidiary 3</i>	<i>Total</i>
Operating	(2,343,318)	(117,573)	(350,284)	(2,811,175)
Investing	(1,760,000)	179,087	–	(1,580,913)
Financing	4,006,527	(60,908)	264,858	4,210,477
Net increase in cash and cash equivalents	(96,791)	606	(85,426)	(181,611)

Summarised statement of financial position as at 31 December 2020 is presented below:

	<i>Subsidiary 1</i>	<i>Subsidiary 2</i>	<i>Total</i>
Non-current assets	14,179,238	2,014,882	16,194,120
Current assets	12,554,596	2,717,432	15,272,028
Non-current liabilities	(11,170,521)	(1,115,495)	(12,286,016)
Current liabilities	(11,993,128)	(336,911)	(12,330,039)
Total equity	(3,570,185)	(3,279,908)	(6,850,093)
Attributable to:			
Equity holders of parent	(1,799,731)	(1,670,129)	(3,469,860)
Non-controlling interest	(1,770,454)	(1,609,779)	(3,380,233)

*(in thousands of Russian rubles)***17. Interest-bearing loans and borrowings**

The Group had the following interest-bearing loans and borrowings as at 30 June 2021 and 31 December 2020:

	<i>Effective interest rate</i>	<i>30 June 2021</i>	<i>Unused borrowing facilities</i>	<i>31 December 2020</i>	<i>Unused borrowing facilities</i>
Non-current interest-bearing loans and borrowings					
Loans and borrowings from third parties	5.60-14.38%	3,982,186	4,121,219	3,459,976	5,523,487
Project financing using escrow accounts	6.75%-10.35%	21,140,360	34,660,805	12,676,933	18,089,755
Total non-current interest-bearing loans and borrowings		25,122,546	38,782,024	16,136,909	23,613,242
Current portion of non-current interest-bearing loans and borrowings					
Loans and borrowings from third parties	7.25-11.53%	933,966	–	919,718	–
Project financing using escrow accounts	7.67-8.97%	14,859	–	210,090	–
Total current portion of non-current interest-bearing loans and borrowings		948,825	–	1,129,808	–
Current interest-bearing loans and borrowings					
Loans and borrowings from third parties	11.55%	193,831	–	–	–
Loans and borrowings from related parties (Note 23)	12.26%	27,777	–	68,581	–
Total current interest-bearing loans and borrowings		221,608	–	68,581	–
Total interest-bearing loans and borrowings		26,292,979	38,782,024	17,335,298	23,613,242

Project financing using escrow accounts

In accordance with the Federal Law № 214-FZ that came into effect as at 1 July 2019, the financing provided by the customers under share participation agreements is accumulated first at the authorized banks' accounts (escrow accounts). The developer has no longer access to these funds but can obtain bank loans for project financing at lower rates that are secured by those funds.

During 2019-2021, the Group obtained bank loans to finance construction of residential real estate at a variable interest rate that depends on the funds accumulated on escrow accounts. The interest rate of project financing loans includes two components: basic borrowing rate (range) of 6.75-9.00% for existing loans and preferential rate (range) of 0.01-5.61%, applied to loan balances covered by funds on escrow accounts. If funds on escrow accounts exceed project loan balances, interest rate could be lowered down to 0.01%. The cash on escrow accounts as at 30 June 2021 and 31 December 2020 amounted to 32,600,963 and 18,235,058 accordingly (Note 15).

Project financing obtained by the Group under the preferential rate due to escrow accounts is initially recognized at the fair value in the consolidated statement of financial position. The difference between cash received and fair value recognised is treated as benefit on project financing and presented within contract liabilities in the consolidated statement of financial position. The effect of the change of interest rate between the preferential rate and the market rate is reflected in the period when it actually occurs as a change in contract liabilities – benefit on project financing (Note 21).

Compliance with covenants

According to loan agreements terms, the companies of the Group are required to comply with debt covenants. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness. The Group complied with all covenants as at 30 June 2021 and 31 December 2020.

Pledged assets

As at 30 June 2021 inventory with the carrying value of 20,410,095 (31 December 2020: 22,274,284) and investment property with the carrying value of 691,462 (31 December 2020: 760,318) are pledged as a collateral for loans and borrowings.

*(in thousands of Russian rubles)***17. Interest-bearing loans and borrowings (continued)**

The Group had promissory note with a carrying value of 152,620 at 30 June 2021 (31 December 2020: 231,864), cash and cash equivalents in the amount of 16,550 (31 December 2020: 69,808), other non-current assets in the amount of 140,000 (31 December 2020: nil), shares of associates in the amount of 305,087 (31 December 2020: nil) and debt securities in the amount of 786,666 (31 December 2020: 880,210) at amortized cost are pledged as a collateral for loans and borrowings.

As at 30 June 2021 and 31 December 2020, the Group had pledged shares in its subsidiaries:

<i>As at</i>	<i>Share of pledged subsidiaries in the total consolidated assets of the Group (excluding intra-group balances)</i>	<i>Share of pledged subsidiaries in the total consolidated revenue of the Group (excluding intra-group balances)</i>	<i>Net assets of pledged subsidiaries (including intra-group balances)</i>
31 December 2020	83.18%	88.38%	37,231,768
30 June 2021	77.82%	89.17%	36,222,691

18. Debt securities issued

In May 2018, the Group announced the interest rate for the tenth, eleventh and twelfth coupon periods for the third tranche of bonds amounting to 10.45% p.a. Bonds in the total number of 537,220 were presented for redemption on 22 May 2018, the date of buy-back option, at their par value of 1,000 ruble each for 537,220. The period of bonds circulation was extended till 19 November 2019. Bonds in the total number of 2,446 were presented for redemption in November 2019 at their par value of 1,000 ruble each for 2,446. The Group announced the interest rate for the next three coupon periods amounting to 11.50% p.a. for unpurchased bonds and the period of bonds circulation was extended till 20 May 2021. In May 2021 the Group announced the interest rate for the next three coupon periods amounting to 9.50% p.a. for unpurchased bonds and the period of bonds circulation was extended till 15 November 2022. As of 30 June 2021 the carrying value of debt securities of third tranche was 42,468 (31 December 2020: 2,022,134).

In June 2021 the Group fully redeemed bonds of fifth tranche. The carrying value of debt securities of fifth tranche as of 31 December 2020 was 806,635.

In 2017, the Group issued the seventh, eighth and ninth tranches of 10 billion rubles denominated bonds with a par value of 1,000 rubles each. These securities were issued at par value, mature in 2020-2022, bear interest rate of 11.00-13.50% per annum, payable semi-annually, and were guaranteed by the Company. Debt issuance costs paid by the Group in relation to the arrangement of sevenths, eighths and ninths issues of bonds in the amount of 69,119 represented agent commission and arrangement costs.

In April 2019 debt securities of the seventh issue in the total number of 511,944 were partially repurchased from the market at their par value of 1,000 ruble each for 511,944. The Group announced the interest rate amounting to 12.0% p.a. for unpurchased bonds and period of bonds circulation was extended till 1 April 2022. As of 30 June 2021, the carrying value of debt securities of seventh tranche was 1,723,533 (31 December 2020: 1,724,082). The Group fully redeemed bonds of eighth and ninth tranches in September and December 2020.

In August 2019 the Group issued the tranches of ruble-denominated bonds in total amount of 3.5 billion with a par value of 1,000 rubles, mature in 2022-2025, coupon rate of 12.00% p. a., payable semi-annually and secured by the Company's guarantee. Debt issuance costs paid by the Group in relation to the arrangement of bonds issue amounted to 17,938. As of 30 June 2021, the carrying value of debt securities of tenth and eleventh tranches was 3,547,952 (31 December 2020: 3,650,668).

As of 30 June 2021, debt securities of the third and seventh issue in the total number of 1,407,811 amounting to 1,407,811 at amortized cost (31 December 2020: 1,505,407) were repurchased by the Group's subsidiaries, and partly pledged as a collateral for loans and borrowings (Note 17), the carrying value of pledged debt securities as of 30 June 2021 was 786,666 (31 December 2020: 880,210).

*(in thousands of Russian rubles)***19. Trade and other payables**

Trade and other payables consisted of the following as of:

	30 June 2021	31 December 2020
Non-current trade and other payables		
Bonus accrual	138,656	54,834
	138,656	54,834
Current trade and other payables		
Trade accounts payable due to third parties	1,922,685	2,172,258
Trade accounts payable due to related parties (Note 23)	34,851	31,846
Other accounts payable due to third parties	162,752	146,535
Other accounts payable due to related parties (Note 23)	590	289,953
Bonus accrual	70,526	91,625
Unused vacation accrual	197,906	156,897
	2,389,310	2,889,114

Non-current payables represent bonus accrual for key management personal under new long-term motivation program with provisional payments in 2022 and final payments in 2024.

During 2020 Group settled (paid in cash) unpaid consideration for the purchase of subsidiary in 2019 in the amount of 386,319 as well as the liability for the acquisition of non-controlling interest performed in 2019 in the amount of 508,472.

20. Other liabilities

Other liabilities consisted of the following as of:

	30 June 2021	31 December 2020
Non-current financial liabilities		
Liabilities for permitted use of land alteration (a)	603,493	802,833
Liabilities for purchasing of land lease rights and assets (b)	366,396	537,482
Lease liabilities (Note 4)	1,219,538	1,530,773
Lease liabilities – related parties (Note 4, 23)	25,334	24,638
Other liabilities (d)	376,970	364,245
Other liabilities – related parties (Note 23) (d)	1,121,915	1,084,044
	3,713,646	4,344,015
Current financial liabilities		
Liabilities for permitted use of land alteration (a)	486,687	546,966
Liabilities for purchasing of land lease rights and assets – current portion (b)	401,291	401,355
Contingent consideration liability (c)	395,723	379,086
Lease liabilities – current portion (Note 4)	616,887	589,790
Lease liabilities – related parties – current portion (Note 4, 23)	163	145
Other current liabilities	15,175	49,503
	1,915,926	1,966,845

- (a) In 2019 and previous years, the Group purchased subsidiary with permitted use of land changed to land for residential construction for the one of its project resulted in payables for that change in permission to local authorities. As of 30 June 2021 the Group had non-current financial liability for 603,493 and current financial liability of 486,687 (31 December 2020: 802,833 and 546,966).
- (b) As of 30 June 2021 and 31 December 2020, the Group had outstanding non-current financial liabilities in respect of the development project purchased in 2015, in the amount of 366,396 and 537,482 and current financial liabilities in the amount of 401,291 and 401,355 as of 30 June 2021 and 31 December 2020, accordingly. The Group settled liabilities in the amount of 210,000 during the six months ended 30 June 2021. Purchase of asset was performed in 2015 and according to the terms of the deal the Group recognized financial liability amounted to 607,466. During 2020 the terms of initial agreement were substantially changed, the Group assessed the effect of modification, derecognized the financial liability in the amount of 607,466 and recognized new financial liability at fair value on initial recognition based on the market rate of interest for similar loans, payable in 2021-2023. Discount rate used equalled to 9.59%.
- (c) In 2019 the Group purchased non-controlling interest, the fair value of associated contingent consideration liability amounted to 395,723 and 379,086 as of 30 June 2021 and 31 December 2020 respectively. The effect of change in fair value for 6m2021 of contingent consideration liability in the amount of 16,637 was recognised in other financial expenses in the consolidated statement of profit or loss.

*(in thousands of Russian rubles)***20. Other liabilities (continued)**

- (d) Other non-current financial liabilities represent loans of 2,500,000 from related parties and third parties maturing in December 2031. These loans were recognized within the transaction on acquisition of a subsidiary in 2020 at their fair value based on the market interest rate for similar loans at the acquisition date amounting to 1,417,571, the effective interest rate is 7.17%.

Carrying value of these loans as at 30 June 2021 amounts to 1,121,915 and 376,970 (31 December 2020: 1,084,044 and 364,245).

21. Contract liabilities

At 30 June 2021 and 31 December 2020, contract liabilities in the amount of 6,915,977 and 7,953,550 respectively, mainly related to advance payments received from individuals and legal entities for residential properties.

Contract liabilities consisted of the following as of:

	30 June 2021	31 December 2020
Non-current non-financial contract liabilities		
Liabilities for investment contracts with local authorities (a)	1,234,285	1,234,285
Liabilities for construction of social objects (b)	105,470	105,470
	1,339,755	1,339,755
Current non-financial contract liabilities		
Advances from Customers – third parties (c)	6,905,754	7,938,722
Advances from Customers – related parties (c) (Note 23)	10,223	14,828
Liability for contractual rights for rent of land in Moscow (d)	7,801,473	9,157,182
Liabilities for investment contracts with local authorities (a)	12,794	328,017
Contract liabilities – benefit on project financing (e)	308,303	132,520
	15,038,547	17,571,269

- (a) The Group concluded a number of investment contracts with local authorities for development and constructions of residential districts. According to these investment contracts, the Group is required to provide apartments to individuals or construct social objects and transfer them to local authorities. Current non-financial liabilities represent liabilities of the Group for provision of apartments and social objects under these investment contracts in amount of 12,794 and 328,017 as of 30 June 2021 and 31 December 2020, respectively. Decrease in these current non-financial contract liabilities in 2021 relates to provision of apartments to individuals' free-of-charge according to investment contracts concluded with the local authorities in the Ural region. Non-current non-financial liability represents provision for construction of social objects under investment contract of new CTD project in the amount of 1,234,285 as of 30 June 2021 and 31 December 2020.
- (b) In 2020, the Group concluded a contract with local authorities for construction of social objects as a part of the further project development in the Ural Region. As of 30 June 2021 and 31 December 2020 non-current non-financial contract liability amounted to 105,470.
- (c) The change of advances from customers (third parties) occurred due to the recognition of revenue that was included in the opening balance of current non-financial contract liabilities in the amount of 7,885,963, cash received during the period in the amount of 6,109,354 excluding amounts recognized as revenue during the period), recognition of the financial component in the amount of 434,978 and recognition benefit on project financing due to escrow accounts in the amount of 304,058.
- (d) As a result of acquisition of subsidiary in 2020 the Group obtained a contract with local authorities for construction of residential property in Moscow and obtained contractual rights for rent of land for the construction from third parties. The related liability represented the obligation to transfer apartments and commercial properties to third parties and amounted to 7,801,473 and 9,157,182 as of 30 June 2021 and 31 December 2020 respectively.
- (e) As of 30 June 2021 contract liabilities in the amount of 308,303 (31 December 2020: 132,520) represent benefit on project financing due to escrow accounts (as disclosed in Note 17) that was not yet converted to revenue from the sale of residential property. During the six months 2021 the amount of 190,702 of benefit on project financing was recognized in revenue proportionately to the completion of construction.

(in thousands of Russian rubles)

22. Provisions

Provisions consisted of the following:

	<i>Onerous contracts</i>	<i>Legal claims</i>	<i>Construction of social objects</i>	<i>Provision for completion construction works</i>	<i>Total</i>
At 31 December 2019	–	162,995	–	4,950	167,945
Accrued	–	24,936	–	–	24,936
Utilized	–	(4,082)	–	–	(4,082)
Unused amounts reversed	–	(2,992)	–	(4,950)	(7,942)
At 30 June 2020	–	180,857	–	–	180,857
At 31 December 2020	6,772	119,696	141,712	30,000	298,180
Accrued	20,003	15,926	–	–	35,929
Utilized	(12,972)	(36,836)	(21,418)	(38)	(71,264)
Unused amounts reversed	–	(5,605)	–	–	(5,605)
At 30 June 2021	13,803	93,181	120,294	29,962	257,240

In 2021 and previous periods the Group concluded onerous contracts for sale of parking places in several projects. The respective provision as at 30 June 2021 amounted to 13,803 (31 December 2020: 6,772).

In 2019 the Group recognised provision for legal claims in the amount 149,205 represented by amount of legal claims on repair of hot water supplies in residential district in Yekaterinburg. During the six months of 2021 the Group utilized this provision in the amount of 32,872.

Provision for construction of social objects in the amount of 141,712 as of 31 December 2020 related to constructive obligation for construction of kindergarten and represent costs to be incurred in the future periods to finish the construction works. During the six months of 2021 the Group utilized this provision in the amount of 21,418.

Provision for completion of construction works accrued in 2020 in the amount of 30,000, was utilized during the six months of 2021 in the amount of 38.

23. Balances and transactions with related parties

Related parties may enter into transactions which unrelated parties might not enter into, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties. The management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with the related parties.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as at 30 June 2021 and 31 December 2020 are detailed below:

	<i>Interest-bearing loans receivable at FVPL</i>	<i>Interest-bearing loans receivable at amortised cost</i>	<i>Trade and other receivables</i>	<i>Prepayments</i>	<i>Interest-bearing loans and borrowings</i>	<i>Trade and other payables, other liabilities</i>	<i>Advances from Customers</i>
30 June 2021							
Associates	20,000	–	14,530	97	–	34,954	–
Shareholder	83,880	–	3,407,159	–	–	–	–
Other related parties	248,299	245,110	16,782	10	27,777	1,147,899	10,223
Total	352,179	245,110	3,438,471	107	27,777	1,182,853	10,223
31 December 2020							
Associates	177,538	–	5,054	8,093	–	31,912	–
Shareholder	365,388	–	149	–	–	–	–
Other related parties	238,853	268,784	26,246	3	68,581	1,398,714	14,828
Total	781,779	268,784	31,449	8,096	68,581	1,430,626	14,828

(in thousands of Russian rubles)

23. Balances and transactions with related parties (continued)

<i>For the six months ended 30 June 2021</i>	<i>Revenue</i>	<i>Finance income</i>	<i>Costs</i>	<i>Finance costs</i>	<i>Other expenses</i>	<i>Purchases</i>
Associates	22,485	733	20,660	–	(31,428)	–
Parent company	245	48,132	–	150	–	–
Other related parties	2,557	24,217	30,695	4,038	(14,356)	–
Total	25,287	73,082	51,355	4,188	(45,784)	–

<i>For the six months ended 30 June 2020</i>	<i>Revenue</i>	<i>Finance income</i>	<i>Costs</i>	<i>Finance costs</i>	<i>Other expenses</i>	<i>Purchases</i>
Associates	17,752	2,748	2,293	–	(44,493)	324
Parent company	268	30,944	–	–	–	–
Other related parties	352,637	23,664	14,986	2,719	(205)	–
Total	370,657	57,356	17,279	2,719	(44,698)	324

Other related parties are presented by the entities controlled by one of the parent company's shareholders who has significant influence over the Group, entities controlled by the parent company's shareholders or entities under common control of the parent company.

The balances with related parties as at 30 June 2021 and 31 December 2020, are unsecured and settlement occurs in cash. Loans and borrowings are interest bearing, while trade receivables, cash and advances granted are not interest bearing. The terms of the transactions are disclosed in other corresponding Notes. There have been no guarantees provided or received for any related party receivables or payables.

Compensation to key management personnel

Key management personnel include top managers of the Group and major subsidiaries.

Total compensation to key management personnel was included in general and administrative expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income and consisted of short-term employee benefits:

	<i>30 June 2021 (unaudited)</i>	<i>30 June 2020 (unaudited)</i>
Salary	142,222	130,132
Performance bonuses	141,633	90,384
Other compensations	750	3,080
Social security taxes	46,209	35,364
Total	330,814	258,960

24. Contingencies, commitments and operating risks**Operating environment of the Group**

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

In 2021, the Russian economy continued to be negatively impacted by sanctions imposed on Russia by a number of countries. The combination of the above resulted in uncertainty regarding economic growth, which could affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

In 2020-2021 a significant global market turmoil was observed triggered by the outbreak of the novel coronavirus pandemic – COVID-19. Along with other factors this has resulted in higher volatility of Russian stock market as well as depreciation of Russian ruble. As a result of pandemic, quarantine measures were introduced during the first half of 2020 that impacted business activities of companies from various industries. Some of the quarantine measures were subsequently cancelled in the second half of 2020.

(in thousands of Russian rubles)

24. Contingencies, commitments and operating risks (continued)

Operating environment of the Group (continued)

The management of the Group implemented adequate measures to timely react on changing business environment, that included minimization of costs, switching to the use of remote technologies, including online sales, and negotiations with credit institutions to refinance current debt. Moreover, management's actions and certain measures introduced by the government relating to the low-rate mortgage loans led to the increase of apartments' sales in 2020 and the first half of 2021.

If the existing trends continue in the long term, these factors may continue to have a significant impact on the financial position, cash flow and results of operations of the Company.

Taxation

The Russian tax and currency legislation is subject to permanent development and changes. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive approach in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged.

As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods in the Russian Federation remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on the management's best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities.

The Group estimated that as of 30 June 2021 it had possible obligations from exposures to various tax risks primarily related to financing and investment arrangements of the Group's companies. These exposures are estimates that result from uncertainties in interpretation of applicable legislation and its practical application in the Russian Federation. In some instances, court practice, which was previously positive for the taxpayers, has changed to negative.

Uncertainties in interpretation of applicable legislation and its practical application in Russian Federation may also lead to possible non-recoverability of certain tax assets. Russian members of our Group may be affected by this development of tax practice, which could have a significant effect on the Group's financial condition and results of operations.

Insurance policies

The Group holds insurance policies in relation to its assets, covering a number of cases such as accidents, fire, wrongful actions, force majeure, etc., as well as insurance policies covering vehicles and voluntary medical insurance of employees of the Group's entities.

Contractual commitments

The Group has signed a number of contracts for the construction works as of 30 June 2021. The Group had firm contractual commitments for the construction works for an approximate amount of 27,431,525 (including VAT) as at 30 June 2021 (31 December 2020: 26,768,014).

However, many of the contracts provide for payments stage-wise based on specifically agreed cost per stage. It is not practicable to measure the amount of these purchase commitments, though they constitute significant amount and concern most of the construction and investment projects of the Group.

Legal proceedings

The Group is involved in a number of legal proceedings. All legal proceedings which, individually or in aggregate, may have a significant effect on the Group's financial operations or financial position, have been accrued in these interim condensed consolidated financial statements (Note 22).

The Group is also involved in legal proceedings with the total maximum possible risk estimated at 45,627 as at 30 June 2021 (31 December 2020: 29,788).

*(in thousands of Russian rubles)***25. Fair value measurement**

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values: long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

Fair value of the debt securities is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The following table shows financial instruments which carrying amounts differ from fair values as at:

	30 June 2021		31 December 2020	
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
Assets				
Interest-bearing loans receivable at amortised cost	665,558	636,593	987,563	952,054
Other non-current assets	140,000	126,841	–	–
Total assets	805,558	763,434	987,563	952,054
Liabilities				
Liabilities for permitted use of land alteration	603,493	573,808	802,833	753,328
Liabilities for purchasing of land lease rights and assets	366,396	354,226	537,482	517,930
Other liabilities	376,970	300,703	364,245	263,492
Other liabilities – related parties	1,121,915	894,934	1,084,044	784,189
Interest-bearing loans and borrowings	26,292,979	23,787,703	17,335,298	15,799,424
Debts securities issued	5,313,953	5,425,907	8,203,519	8,430,447
Total liabilities	34,075,706	31,337,281	28,327,421	26,548,810

The fair value of long-term loans was calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting dates.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

*(in thousands of Russian rubles)***25. Fair value measurement (continued)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

Carrying value of non-current trade and other receivable, non-current trade and other payables and non-current other financial liabilities are similar to fair value.

Fair value measurement hierarchy for assets and liabilities as at 30 June 2021:

	Total	Level 1	Level 2	Level 3
Non-financial assets measured at fair value				
Investment property	8,028,521	–	–	8,028,521
Financial assets measured at fair value				
Interest-bearing loans receivable	352,179	–	–	352,179
Financial assets for which fair value is disclosed				
Interest-bearing loans receivable	636,593	–	–	636,593
Other non-current assets	126,841	–	–	126,841
Financial liabilities measured at fair value and for which fair value is disclosed				
Interest-bearing loans and borrowings	23,787,703	–	–	23,787,703
Debts securities issued	5,425,907	–	5,425,907	–
Liabilities for permitted use of land alteration	573,808	–	–	573,808
Liabilities for purchasing of land lease rights and assets	354,226	–	–	354,226
Other liabilities	300,703	–	–	300,703
Other liabilities – related parties	894,934	–	–	894,934
Contingent consideration liability	395,723	–	–	395,723

Fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

	Total	Level 1	Level 2	Level 3
Non-financial assets measured at fair value				
Investment property	9,069,712	–	–	9,069,712
Financial assets measured at fair value				
Interest-bearing loans receivable	789,913	–	–	789,913
Financial assets for which fair value is disclosed				
Interest-bearing loans receivable	952,054	–	–	952,054
Financial liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	15,799,424	–	–	15,799,424
Debts securities issued	8,430,447	–	8,430,447	–
Liabilities for permitted use of land alteration	753,328	–	–	753,328
Liabilities for purchasing of land lease rights and assets	517,930	–	–	517,930
Other liabilities	263,492	–	–	263,492
Other liabilities – related parties	784,189	–	–	784,189
Contingent consideration liability	379,086	–	–	379,086

(in thousands of Russian rubles)

26. Segment information

For management purposes, the Group is organized into business units based on geographical stratification correlating to the regional division of the Russian Federation. All business units are located in Russian Federation. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment revenue is income from main activity reported in the Group's management accounts that are directly attributable to a segment being consideration received from customers for sale of residential or investment property being under construction, or for operating rent of premises and rendering of services.

Segment expense is expenses reported in the Group's management accounts that are directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment.

Segment result is segment revenue less segment expense for the reporting period.

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

Six months ended 30 June 2021

	<i>Ural region</i>	<i>Moscow</i>	<i>Northwest region</i>	<i>Management company</i>	<i>Non-reportable segments</i>	<i>Total</i>
Revenue from reportable segment	5,828,024	9,559,332	1,635,720	934,085	329,700	18,286,861
Elimination of intersegment revenue	(105,963)	(8,622)	–	(932,456)	(110,443)	(1,157,484)
IFRS adjustments of revenue	72,893	56,420	38,534	938	213,101	381,886
Total revenue from contracts with customers	5,794,954	9,607,130	1,674,254	2,567	432,358	17,511,263
Segment revenue recognized over time	4,160,342	8,599,518	–	889	171,394	12,932,143
Segment revenue recognized at point in time	1,634,612	1,007,612	1,674,254	1,678	260,964	4,579,120
Total revenue from contracts with customers	5,794,954	9,607,130	1,674,254	2,567	432,358	17,511,263

	<i>Ural region</i>	<i>Moscow</i>	<i>Northwest region</i>	<i>Management company</i>	<i>Total</i>
External segment operating profit/(loss)	372,159	1,403,428	362,157	(947,125)	1,190,619
Intersegment operations	75,420	(101,200)	–	924,064	898,284
Total segment operating profit/(loss)	447,579	1,302,228	362,157	(23,061)	2,088,903

Six months ended 30 June 2020

	<i>Ural region</i>	<i>Moscow</i>	<i>Northwest region</i>	<i>Management company</i>	<i>Non-reportable segments</i>	<i>Total</i>
Revenue from reportable segment	6,063,042	2,038,857	159,021	942,377	813,130	10,016,427
Elimination of intersegment revenue	(74,468)	–	(672)	(852,121)	(18,217)	(945,478)
IFRS adjustments of revenue	542,265	236,172	(48,044)	256,190	133,694	1,120,277
Total revenue from contracts with customers	6,530,839	2,275,029	110,305	346,446	928,607	10,191,226
Segment revenue recognized over time	3,649,296	2,037,810	–	46,665	–	5,733,771
Segment revenue recognized at point in time	2,881,543	237,219	110,305	299,781	928,607	4,457,455
Total revenue from contracts with customers	6,530,839	2,275,029	110,305	346,446	928,607	10,191,226

*(in thousands of Russian rubles)***26. Segment information (continued)**

	<i>Ural region</i>	<i>Moscow</i>	<i>Northwest region</i>	<i>Management company</i>	<i>Total</i>
External segment operating profit/(loss)	502,357	325,798	(35,555)	(414,033)	378,567
Intersegment operations	16,969	(12,884)	672	842,990	847,747
Total segment operating profit/(loss)	519,326	312,914	(34,883)	428,957	1,226,314

Finance income and expenses, fair value gains and losses on financial assets, forex exchange gains/(losses) are not allocated to individual segments as the underlying instruments are managed on a group basis.

Reconciliation of segments' results to net loss

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Operating profit reconciliation		
Total operating profit from reportable segments	2,088,903	1,226,314
Elimination of intersegment operations	(898,284)	(847,747)
Operating loss/(profit) from non-reportable segments	(23,300)	(39,907)
Adjustments of operating profit	222,208	858,963
Change in fair value of investment property	245,375	5,617
Total Group operating profit	1,634,902	1,203,240
Finance income	257,836	182,164
Finance costs	(1,760,934)	(1,370,717)
Foreign exchange loss, net	(8,300)	(1,439)
Share of profit of associate	11,724	7,188
Profit before income tax	135,228	20,436
Income tax expense	(360,143)	(264,544)
Net loss for the period	(224,915)	(244,108)

The main differences between revenue and operating profit under IFRS and management accounts are represented by different amount of inventories write-down to net realizable value and financial component (Notes 6.1, 6.6, 12) and other provisions, accrued under IFRS.

27. Subsequent events

On the 3rd September 2021 the sole shareholder of the Company issued additional 1 200 shares of USD 1.00 each at a premium of USD 63,486.40 and price of USD 63,487.40 for a total consideration of USD 76,184,880 being equivalent of 5,550,000,000 roubles. At the date of authorization of these financial statements, the capital in amount of 2,936,500,000 was already paid.

In July-September 2021 the remaining receivables related to share capital increase (Notes 13, 23) was fully settled in cash.

In July-October the Group made distribution to shareholders in amount of 6,383,500.

In August-September the Group repaid in cash its coupon obligations (Note 18) in the amount of 303,111.

In July-October 2021 the Group partially repaid its obligations (Note 17) under existing credit facilities in the total amount of 1,330,359, including 24,870 to related parties. Additionally, the amount of 989,868 was netted off with funds received from escrow accounts.

In July-October 2021 the Group received loans and borrowings in the total amount of 6,528,374, including loans from related parties amounting to 24,870.

In July 2021 the Group received cash from dividends of its associate (Note 5) in the total amount of 5,518, net off withholding tax.

In July-September 2021 the Group issued loans to third parties in the total amount of 102,480, including 12,480 to related parties.

(in thousands of Russian rubles)

27. Subsequent events (continued)

On September 21, 2021 the ACRA rating agency raised the corporate credit rating of the Group up to BBB (RU) with a stable rating forecast. The Group's previous rating assigned on September 21, 2020 was BBB- (RU) with a positive forecast.

On 24 September 2021 the Group purchased from a third party 49% of shares and obtained control over the Joint Venture 1 (Note 5) for the further development of construction project. As of the date of interim condensed consolidated financial statements authorization, the initial business combination accounting in accordance with IFRS 3 was not finalized. The Group currently is in process of assessing the fair values of the subsidiary's net assets acquired, therefore the amounts of fair value of assets acquired and liabilities assumed, as well as the amount of potential goodwill, can not be disclosed. The Group plans to finalize the purchase price allocation during the preparation of the consolidated financial statements for the year ended 31 December 2021. The amount of consideration (the price of 49% shares) is fixed and represents 6,800,000 payable in cash, and it is fully unpaid at the interim condensed consolidated financial statements' authorization date.

Supplementary information not required by IFRS

The below non-IFRS measures should be considered and read in addition to, but not as a substitute for, the information contained in the interim condensed consolidated financial statements. Non-IFRS measures are not uniformly defined by all companies, including those in the Group's industry. Therefore, the non-IFRS measures used by the Group may not be comparable to similar measures and disclosures made by other companies.

Adjusted net debt

Adjusted net debt represents the difference between the total of carrying values of loans and borrowings and debt securities issued recognized in the statement of financial position and carrying values of cash and cash equivalents, bank deposits over 3 months, restricted cash accounted for within non-current assets, and cash on escrow accounts, which is not an IFRS measure and not owned by the Group until the opening of escrow accounts and transfer of funds to the Group after the completion of construction (Note 16).

	30 June 2021	31 December 2020
Loans and borrowings (Note 17)	26,292,979	17,335,298
Debt securities issued (Note 18)	5,313,953	8,203,519
Less: cash and cash equivalents (Note 15)	(8,440,838)	(8,190,228)
Less: restricted cash within non-current assets (Note 15)	(140,000)	–
Less: cash on escrow accounts (Note 15)	(32,600,963)	(18,235,058)
Adjusted net debt	(9,574,869)	(886,469)

The management of the Group considers that Adjusted net debt provides additional information to assess the Group's ability to meet financial obligations assuming that gross debt can be reduced by cash. In fact, it is unlikely that the Group would, or could, use all of its cash to reduce gross debt all at once, as those Group companies which sell properties under shared construction agreements are not entitled to use cash on escrow accounts before the completion of construction.

Adjusted EBITDA

Adjusted EBITDA represents gross profit for the period less general and administrative expenses, other operating income and expenses, depreciation and amortization, adjusted for allowance for expected credit losses on trade and other receivables and loans receivable, impairment of prepayments, and the income statement effect of purchase price allocation adjustments (PPA) related to the acquisition of subsidiaries being the difference between the acquisition date fair values and stand-alone values of assets acquired and liabilities assumed.

The management of the Group believes that adjusted EBITDA provides useful information to users of financial statements because it is an indicator of the strength and performance of our ongoing business operations, including ability to fund discretionary spending such as capital expenditures and other investments and our ability to incur and service debt.

The cumulative effect of the purchase price allocation adjustments related to the acquisition of subsidiary in September 2020 which was included in the Group's net assets as of 30 June 2021 amounted to 2,891,854 (3,379,235 as of 31 December 2020).

The cumulative effect of the purchase price allocation adjustments related to the acquisition of subsidiary in November 2019 which was included in the Group's net assets as of 30 June 2021 amounted to 121,786 (190,731 as of 31 December 2020) and as of 30 June 2020 amounted to 283,469 (321,252 as of 31 December 2019).

Adjusted EBITDA calculation

	For the six months ended 30 June	
	2021	2020
Gross profit	3,813,979	2,493,601
Less: General and administrative expenses (Note 6.4)	(578,310)	(482,408)
Less: Other operating income and expenses (Note 6.6)	(1,851,220)	(865,181)
Add: Depreciation and amortisation (Note 6.2)	36,487	25,244
Add: Allowance for expected credit losses on trade and other receivables and loans receivable, impairment of prepayments (Note 6.6)	8,624	41,700
Less: Effect of the PPA adjustment at the acquisition of subsidiary to contract liabilities recognized	(401,605)	–
Add: Effect of the PPA adjustment at the acquisition of subsidiary to intangible assets and inventory recognized in cost of sales and other expenses, net	957,931	37,783
Adjusted EBITDA	1,985,886	1,250,739