

01 Properties Group

**Condensed Consolidated Interim Financial Information
30 June 2021 (Unaudited)**

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Report on Review the Condensed Consolidated Interim Financial Information

To the Bord of Directors of O1 Properties Limited

We have reviewed the Condensed Consolidated Interim Financial Information of O1 Properties Limited (the "Company") and of its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which are presented in pages 4 to 37 and comprise the condensed consolidated interim statement of financial position as of 30 June 2021, and the condensed consolidated interim statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As disclosed in Note 3, the annual consolidated financial information of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Practitioner's responsibility

Our responsibility is to express a conclusion on these accompanying consolidated financial information, based on our review. We conducted our review in accordance with International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the consolidated financial information are free of material misstatement.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Report on Review the Condensed Consolidated Interim Financial Information (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information do not give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Material uncertainty related to going concern

We draw attention to Note 3 to the Financial Information concerning the Group's ability to continue as a going concern. Even though the Group made profit of RR 20 975 million during the six-month period ended 30 June 2020, as of that date the Group's current liabilities exceeded its current assets by RR 18 386 million and the Group's total liabilities exceeded its total assets by RR 8 228 million.

In performing their assessment of going concern, the Directors have considered forecast cash flows for a period of more than 12 months from the date of issuance of the Financial Information. The timing and realization of a number of key assumptions within the forecasts are not only wholly within management's control and require the consent of the Bond holders and other creditors of the Group. Moreover, uncertainties resulting from the anticipated negative impact on the Russian economy as a result of the COVID 19 pandemic as well as other changes in the economic environment as explained in Note 3, may materially affect these assumptions, particularly the cash flows from its rental agreements.

As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of these matters.



Michael J. Hadjihannas
Certified Public Accountant and Registered Auditor
for and on behalf of
FinExpertiza Cyprus
Certified Public Accountants and Registered Auditors

Nicosia, 22 September 2021

O1 Properties Group
Condensed Consolidated Interim Statement of Financial Position (Unaudited)

<i>In millions of RR</i>	Note	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment		1 082	1 096
Investment property	8	190 298	191 921
Other investments		372	568
Loans issued	7	15 970	15 615
Trade and other receivables	8	569	611
Deferred income tax asset		4 419	4 132
Total non-current assets		212 690	213 943
Current assets			
Residential property under construction		597	664
Loans issued	7	2 312	1 917
Trade and other receivables	8	1 453	1 725
Cash and cash equivalents		1 487	2 763
Total current assets		5 849	7 069
TOTAL ASSETS		218 539	221 012
LIABILITIES			
Non-current liabilities			
Borrowings	9	193 857	188 930
Tenant deposits		2 354	2 600
Deferred income tax liability		6 321	6 304
Total non-current liabilities		202 532	197 834
Current liabilities			
Borrowings	9	10 262	36 041
Derivative financial instruments	18	2 100	2 477
Tenant deposits		571	502
Deferred rental income		2 645	2 532
Provisions	10	4 921	5 018
Financial guarantees liabilities	11	4	4
Trade and other payables and other liabilities	12	3 732	5 743
Total current liabilities		24 235	52 317
TOTAL LIABILITIES		226 767	250 161
EQUITY			
Share capital and share premium	13	73 938	73 938
Property revaluation reserve		939	958
Currency translation reserve		3	(13)
Accumulated losses		(82 731)	(103 950)
Equity deficit attributable to the owners of the Company		(7 851)	(29 077)
Non-controlling interest		(377)	(62)
TOTAL EQUITY DEFICIT		(8 228)	(29 139)
TOTAL LIABILITIES AND EQUITY		218 539	221 012

Approved for issue by the Board of Directors and signed on its behalf on 22 September 2021.

Director

Director

ADINA VIVIANA SZEMETHY
DIRECTOR

THEONITSA ANDRIANA CONSTANTINO
DIRECTOR

The accompanying notes on pages 8 to 37 are an integral part of these condensed consolidated interim financial information.

O1 Properties Group
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
(Unaudited)

<i>In millions of R\$</i>	Note	For the six months ended 30 June	
		2021	2020
Rental revenue		8 624	9 496
Operating expenses of investment property	14	(1 771)	(1 678)
Net rental income	14	6 853	7 818
Net loss from fair value adjustment on investment property	6	(1 734)	(1 419)
General and administrative expenses	15	(657)	(583)
Provisions reversals/(provisions)	10	40	(180)
Other operating expenses	15	(123)	(80)
Other income		119	14
Net gain from disposal of subsidiaries	21	-	11
Finance income	16	20 804	1 232
Finance costs	16	(7 342)	(9 193)
Reversal of impairment/(net impairment) loss on financial assets and guarantees	7,8,11	407	(517)
Foreign exchange translation gains less losses/(losses less gains)		2 760	(10 716)
Income/(loss) before income tax		21 127	(13 613)
Income tax (expenses)/credit		(152)	1 794
Income/(loss) for the period		20 975	(11 819)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effect of translation to presentation currency of the financial statements of foreign operations		16	-
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment		(24)	-
Deferred tax asset movement on the property revaluation		5	-
Other movement		(61)	-
Total other comprehensive loss for the period		(64)	-
Total comprehensive income/(loss) for the period		20 911	(11 819)
Income/(loss) is attributable to:			
- Owners of the Company		21 229	(11 859)
- Non-controlling interest		(254)	40
Total comprehensive income/(loss) is attributable to:			
- Owners of the Company		21 228	(11 859)
- Non-controlling interest		(315)	40

The accompanying notes on pages 8 to 37 are an integral part of these condensed consolidated interim financial information.

O1 Properties Group
Condensed Consolidated Interim Statement of Changes In Equity (Unaudited)

	Attributable to owners of the Company							Total equity/(equity deficit)
	Share capital	Share premium	Property revaluation reserve	Currency translation reserve	Accumulated losses	Total	Non-controlling interest	
<i>In millions of RR</i>								
Balance at 1 January 2020	71	73 867	968	1	(69 833)	5 064	1 398	6 462
Total comprehensive (loss)/income (Loss)/income for the period	-	-	-	-	(11 819)	(11 819)	40	(11 778)
Balance at 30 June 2020	71	73 867	968	1	(81 651)	(6 754)	1 438	(5 316)
Balance at 1 January 2021	71	73 867	968	(13)	(103 960)	(29 077)	(82)	(29 159)
Total comprehensive (loss)/income								
Income/(loss) for the period	-	-	-	-	21 229	21 229	(254)	20 975
Other comprehensive loss for the period	-	-	(19)	16	-	(3)	(81)	(64)
Total comprehensive income/(loss) for the period	-	-	(19)	16	21 229	21 226	(315)	20 811
Balance at 30 June 2021	71	73 867	939	3	(82 731)	(7 651)	(377)	(8 226)

The accompanying notes on pages 8 to 37 are an integral part of these condensed consolidated interim financial information.

O1 Properties Group
Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

<i>In millions of RR</i>	Note	For the six months ended 30 June	
		2021	2020
Income/(loss) before income tax		21 127	(13 613)
Adjustments for:			
Depreciation	15	28	18
Net loss from fair value adjustment on investment property	6	1 734	1 419
Net gain from disposal of subsidiaries	21	-	(11)
(Provisions reversals)/provisions	10	(40)	180
(Reversal of impairment)/net impairment loss on financial assets and guarantees	7,8,10,11	(407)	517
Finance costs	16	7 342	9 193
Finance income	16	(20 804)	(1 232)
Foreign exchange translation (gains less losses)/losses less gains		(2 760)	10 716
Other non-cash adjustments		35	(33)
Operating cash flows before working capital changes		6 255	7 164
Net decrease/(increase) in trade and other receivables		208	(559)
Net decrease in inventories		68	68
Net decrease in tenant deposits		(377)	(270)
Net increase/(decrease) in deferred rental income		313	(1 049)
Net (decrease)/increase in trade and other payables		(2 153)	96
Changes in working capital		(1 941)	(1 714)
Income tax paid		(158)	(107)
Net cash from operating activities		4 156	5 333
Cash flow from/(used in) investing activities			
Expenditures on subsequent improvements of investment property	6	(112)	(23)
Additions to plant, property and equipment		(3)	-
Loans issued		(1 447)	(389)
Repayment of loans issued		702	129
Interest (paid)/received		(271)	2
Net cash used in investing activities		(1 131)	(281)
Cash flows used in financing activities			
Proceeds from borrowings		2 533	(62)
Repayment of borrowings		(1 540)	(575)
Interest paid		(5 328)	(3 581)
Payments for land lease		(91)	(14)
Net cash used in financing activities		(4 428)	(4 251)
Effect of exchange rate changes on cash and cash equivalents		125	(20)
Net decrease in cash and cash equivalents		(1 276)	780
Cash and cash equivalents at beginning of the period		2 763	2 129
Cash and cash equivalents at the end of the period		1 487	2 909

The accompanying notes on pages 8 to 37 are an integral part of these condensed consolidated interim financial information.

1 General Information

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap 113, for O1 Properties Limited (the "Company") and its subsidiaries (the "Group" or "O1 Properties Group").

The Company was incorporated on 24 August 2010 as a private limited liability company and is domiciled in Cyprus. The address of its registered office is 18, Spyrou Kyprianou, 2nd floor, 1075 Nicosia, Cyprus.

At 30 June 2021 and 31 December 2020 the Company's principal immediate shareholders were Riverstretch Trading and Investments Limited (Cyprus), Yofoura Holding Limited (Cyprus) and certain other companies which owned 70.038%, 14.410% and 15.552% of Class "A" shares respectively. At 30 June 2021 and 31 December 2020 the owners of Class "B" shares were Riverstretch Trading and Investments Limited (Cyprus), Yofoura Holding Limited and certain other companies which owned 58.391%, 21.865% and 19.744% of Class "B" shares respectively. Refer to Note 13 for an overview of the differences in rights and obligations of "A" and "B" shareholders.

Mr. Pavel Vashchenko, citizen of the Russian Federation is the ultimate controlling party of the Group.

Principal activity: The principal activities of the Company are the holding and financing of investments. The Group operates in Moscow real estate market (Russian Federation). In particular, the Group is focused on buying both active and developing real estate in Moscow to derive profit from their activities. During the six months ended 30 June 2021, the Group also engaged in the construction of premium class residential apartments for further sale to private residents.

At 30 June 2021 the Company's long-term corporate credit rating assigned by the international agency Moody's was Caa2 (31 December 2020: Caa3). Refer to Note 2 for changes subsequent to the year end.

At 30 June 2021 and 31 December 2020 the consolidated subsidiaries of the Group were as follows:

Entity	Country of incorporation/ continuation	Principal activity	% of effective ownership at 30 June 2021	% of effective ownership at 31 December 2020
Almos CJSC	Russian Federation	Investment property	82.71 ¹	82.34 ¹
Business Center Stanislavsky (Cyprus) Limited	Cyprus	Investment property	100 ¹	100 ¹
Firma "MORAVA" LLC	Russian Federation	Investment property	85 ¹	85 ¹
Gashka Realty Limited Liability Company	Russian Federation	Investment property	-	100 ¹
Goldstyle Holdings Limited	Cyprus	Investment property	50.5 ¹	50.5 ¹
Krugozor Business Center (Cyprus) Limited	Cyprus	Investment property	100 ¹	100 ¹
ООО КВАРТАЛ 874-875	Russian Federation	Investment property	100 ¹	100 ¹
La Forteca Limited	Cyprus	Investment property	100 ¹	100 ¹
Levioma Trading Limited	Cyprus	Investment property	100 ¹	100 ¹
Levium Limited	Russian Federation	Investment property	50.52 ¹	50.52 ¹
Mavita Holdings Limited	Cyprus	Investment property	100 ¹	100 ¹
Meteelock Investments Limited	Cyprus	Investment property	100 ¹	100 ¹
Pianonero Investments Limited	Cyprus	Investment property	100 ¹	100 ¹
Samsa Limited	Russian Federation	Investment property	100	100
LLC "Silver city"	Russian Federation	Investment property	100 ¹	100 ¹
Tzortis Limited	Cyprus	Investment property	100 ¹	100 ¹
VKS INVEST LTD	Russian Federation	Investment property	100	100
Afelmor Overseas Limited	Cyprus	Holding company	100 ¹	100 ¹
Akimo Holding Limited	Cyprus	Holding company	100	100
Amorfilla Holding Limited	Cyprus	Holding company	100 ¹	100 ¹
Argam Limited	Cyprus	Holding company	100 ¹	100 ¹
Bilena Holdings Limited	Cyprus	Holding company	100 ¹	100 ¹
Cemvertia Investments Ltd	Cyprus	Holding company	100	100
Freyamoon Limited	Cyprus	Holding company	100 ¹	100 ¹
Gunilla Limited	Cyprus	Holding company	50.5	50.5
Hannory Holdings Limited	Cyprus	Holding company	100	100
Lelvion Investments Limited	Cyprus	Holding company	85	85
Minesign Limited	Cyprus	Holding company	100	100
Mistaida Holdings Limited	Cyprus	Holding company	50.52	50.52

O1 Properties Group
Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 30 June 2021

1 General Information (Continued)

Entity	Country of incorporation/ continuation	Principal activity	% of effective ownership at 30 June 2021	% of effective ownership at 31 December 2020
Mokati Limited	Cyprus	Holding company	100 ¹	100 ¹
Mooncrown Limited	Cyprus	Holding company	100	100
Moonpeak Limited	Cyprus	Holding company	100	100
Narvi Finance Limited	Cyprus	Holding company	–	50.5 ¹
Niceta Trading Limited	Cyprus	Holding company	100	100
Paramec Limited	Cyprus	Holding company	100	100
Persey CJSC	Russian Federation	Holding company	100	100
Quintiliano Limited	Cyprus	Holding company	100	100
Ratado Holding Limited	Cyprus	Holding company	100 ²	100 ²
Sabatón Holdings Limited	Cyprus	Holding company	100	100
Sharezona Capital Limited	Cyprus	Holding company	100 ¹	100 ¹
Stoneface Limited	Cyprus	Holding company	100	100
Taavo Enterprises Limited	Cyprus	Holding company	85	85
Thabit Holdings Limited	Cyprus	Holding company	100	100
Theochristel Limited	Cyprus	Holding company	100	100
Vielte Limited	Cyprus	Holding company	100	100
Vivaldi Holdings Limited	Cayman Islands	Holding company	100 ¹	100 ¹
Wakovia Limited	Cyprus	Holding company	100 ¹	100 ¹
Wizgate Holding Limited	Cyprus	Holding company	100 ¹	100 ¹
Starglance Limited (former Balaton Holding S.à r.l.)	Cyprus	Financing company	100 ¹	100 ¹
Belegar Limited	Cyprus	Financing company	100 ¹	100 ¹
Chainford Limited (former Vardarac S.à r.l.)	Cyprus	Financing company	50.5 ¹	50.5 ¹
Goldflavour Limited	Cyprus	Financing company	100 ¹	100 ¹
Eagleman Limited	Cyprus	Financing company	100	100
Fundin Investments Limited	Cyprus	Financing company	100	100
Knevarat Investments Limited	Cyprus	Financing company	100 ¹	100 ¹
Lermondo Limited	Cyprus	Financing company	100	100
Lomina Services Limited	Cyprus	Financing company	100 ¹	100 ¹
Moonshard Limited (former Margo S.à r.l.)	Cyprus	Financing company	50.52 ¹	50.52 ¹
Mistmoors Holding Limited (former Silver City Finance S.à r.l.)	Cyprus	Financing company	100 ¹	100 ¹
O1 Properties Finance Plc (former Pareco Limited)	Cyprus	Financing company	100	100
Silverfair Limited	Cyprus	Financing company	100 ¹	100 ¹
Vivaldi Plaza Finance S.à r.l.	Luxembourg	Financing company	100 ¹	100 ¹
Wallasey Limited	Cyprus	Financing company	100	100
"City-Developer" Limited	Russian Federation	Management company	100	100
O1 Advisory LTD	Cyprus	Management company	100	100
O1 Properties Management CJSC	Russian Federation	Management company	100	100
Annabeth Services Limited	Cyprus	Inactive	85	85
Barkmore Limited	Cyprus	Inactive	100	100
LLC "FENIX"	Russian Federation	Inactive	99 ¹	99 ¹
Gardin Limited	Cyprus	Holding company	100	100
Nikkon Global Ltd	British Virgin Islands	Inactive	100	100
Pleva Limited	Cyprus	Inactive	100	100
Raincloud Trading Limited	Cyprus	Inactive	100	100
Simeona Limited	Cyprus	Inactive	100	100
Somental Ltd	Cyprus	Holding company	100	100
Staro Serebryaniki JSC	Russian Federation	Inactive	100	100
Amneris Limited	Cyprus	inactive	50.5	50.5

¹ Pledged in relation to borrowings (Note 9).

² Refer to Note 9, 11, 16 for the information on pledge of shares in Ratado Holding Limited.

Refer to Note 21 for the information on acquisitions and disposals by the Group during the six months period ended 30 June 2021 and 2020.

2 Operating Environment of the Group

The Group through its operations has a significant exposure to the economic, legal and tax conditions in the Russian Federation and in Cyprus. The management of the Group constantly monitors the developments in the operating environment of the Group in order to estimate the full impact that these developments may have on the business of the Group.

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Russian Federation and the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

Management of the Group has considered the unique circumstances and the risk exposures of the Group while the disruption was expected to be temporary, economic uncertainties have arisen whose impact is expected to evolve. The event is not expected to have an immediate material impact on the business operations. Refer to Note 3 for more details.

Russian Federation. Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. Refer to Note 18. The future of economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory and political environment.

Given that Russia produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the prices of oil and gas on the world market. Following high volatility in natural resources prices, the Russian Rouble ("RR") exchange rate and interest rates in 2021 and 2020 have been not stable. In early 2020 oil prices dropped significantly and this resulted in immediate weakening of RR against major currencies.

The Russian economy continued to be negatively impacted by ongoing political tension in the region and continuing international sanctions imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

There has continued to be increased economic challenges to the Russian consumers and corporates, which have led to higher defaults in the retail and commercial banking sector. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

As a result during the six-month period ended 30 June 2021:

- the Central Bank of the Russian Federation ("CBRF") exchange rate was RR 73.8757 and RR 72.3723 per US dollars ("USD") as of 1 January 2021 and 30 June 2021 respectively and varied between 71.6797 and 77.7730 during the six months ended 30 June 2021;

2 Operating Environment of the Group (Continued)

- the CBRF key refinancing interest rate increased from 4.25% p.a. to 5.5% p.a.;
- bank lending activity decreased as banks continued to reassess the business models of their borrowers and their ability to withstand the increased volatility of exchange rates;
- In July 2021, Fitch Ratings kept Russia's BBB credit rating with "stable" outlook. In June 2021, Moody's Investors Service kept the credit rating of Russia to Baa3 with "stable" outlook. In July 2021, Standard&Poor's kept BBB- credit rating with "stable" outlook.
- In February 2021, Moody's Investors Service upgraded the Company's long-term corporate credit rating from Caa3 to Caa2 with "stable" outlook.
- access to international financial markets to raise funding was limited for certain entities.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 30 June 2021:

- the CBRF exchange rate fluctuated between RR 72.4329 per USD and RR 75.1952 per USD;
- the CBRF key refinancing interest rate increased from 5.5% p.a. to 6.75% p.a.

Whilst a significant percentage of the Group's rental income is denominated in US dollars, the tenants are operating in Russia and earning a significant proportion of their income in Russian Roubles.

The economic environment and conditions as those emerged from the pandemic of COVID-19, the volatility of oil prices and the sharp depreciation of the Russian Ruble are expected to negatively affect the Russian economy and elevate the level of uncertainty in relation to the Group's operations. From the inception of this crisis, tenants were experiencing difficulties in complying with their rent obligations as they fall due, however improvement has been observed in this respect. As expected, these conditions impacted the ability of the Group to meet its own obligations as they fall due and as result, in addition to actions already taken, certain further actions will be required, especially if the effect of the above economic conditions are significant and prolonged. Furthermore, profitability impact resulting from lower operating profits and/or fair value adjustments of Investment Properties, could affect loan covenants associated with Debt Service Cover Ratios and/or Loan to Value ratios. However, it is not possible at this stage to estimate the magnitude of this impact.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Cyprus. The Cyprus Government exited its economic adjustment programme in March 2016 and began to record significant economic growth due to the government's fiscal consolidation efforts for five consecutive years up to 2019.

In early 2020, Cyprus was still on a robust growth path. However, the global outbreak of Covid-19 and the related containment measures negatively affected the financial indexes of the country.

On 15 March 2020, the Cyprus' Council of Ministers in an extraordinary meeting, announced that Cyprus is entering a state of emergency considering the uncertain situation that was unfolding daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view of safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy closed for a specified period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

2 Operating Environment of the Group (Continued)

Concurrently, many governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 pandemic.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty as of now, both due to the pace at which the outbreak expands as well as the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results. The international rating agencies still classify the Cypriot economy in the investment grade, except from Moodys.

According to the European Union's winter forecasts, the GDP of the Cypriot economy, after the losses of 2020 due to the pandemic, will increase by 4,5% in 2021 while the unemployment rate is expected to decrease to 7,6%. As expected, the Cypriot economy has recorded a decrease in GDP in 2020 of around 6,4%.

The Group's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

To the extent that information is available, the Group's management believes it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment and that the Group will be able to continue as a going concern.

3 Basis of Preparation and Summary of Significant Accounting Policies

Basis of preparation. This condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated interim financial information does not include all of the information required for a complete set of IFRS financial statements. However, selected notes are included to explain for the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, under the historical cost convention as modified to include the fair value of premises, investment property, investments in funds and derivative financial instruments.

Going concern basis. Even though, the Group made a profit of RR 20 975 million for the period ended 30 June 2021 (for the six-month period ended 30 June 2020: the Group incurred a loss of RR 11 819 million) and as of that date, the Group's current liabilities exceeded its current assets by RR 18 386 million (31 December 2020: RR 45 248 million) and the Group's total liabilities exceeded its total assets by RR 8 228 million (31 December 2020: RR 29 139 million). In addition, the Group is highly leverage with equity levels that have been deteriorating over the last years.

The economic environment and conditions as those emerged from the pandemic of COVID-19, the volatility of oil prices and the sharp depreciation of the Russian Ruble are expected to negatively affect the Russian economy and elevate the level of uncertainty in relation to the Group's operations. From the inception of this crisis, tenants were experiencing difficulties in complying with their rent obligations as they fall due, however improvement has been observed in this respect. As expected, these conditions impacted the ability of the Group to meet its own obligations as they fall due and as a result, in addition to actions already taken, certain further actions will be required, especially if the effect of the above economic conditions are significant and prolonged. Furthermore, profitability impact resulting from lower operating profits and/or fair value adjustments of Investment Properties, could affect loan covenants associated with Debt Service Cover Ratios and/or Loan to Value ratios. However, it is not possible at this stage to estimate the magnitude of this impact.

3 Basis of Preparation and Summary of Significant Accounting Policies (Continued)

Notwithstanding the above, management is confident that it can successfully manage the risks associated with the above conditions. Subject to the uncertainties underpinning current circumstances and future estimates, management is deriving its confidence from the following mitigating factors and assumptions as described below:

As noted above, current liabilities significantly exceed current assets, however as described below, most part of current liabilities though classified as current, are not expected to become payable in the foreseeable future. In particular:

- As further explained in Note 10, the Group recognized as current liabilities, a provision with respect to an indemnity for the amount of RR 2 787 million. Based on discussions with the relevant stakeholders, management expects that the above amount will not become payable in the next 12 months.
- The Group has recognized a provision in the amount of RR 2 134 million in relation to probable obligations as a result of legal proceedings affecting the subsidiary company Semela Limited (Note 1 and 10). It is not expected that there will be a cash outflow in the next 12 months in relation to the above-recognized liability. The potential effect on the consolidated financial statements in case of change of control is not expected to be higher than the market value of investment property.
- An amount of RR 2 645 million within current liabilities relates to deferred income representing advance payments received from tenants and non-cash liabilities which resulted from discounting of tenant deposits in accordance with IFRS requirements. Therefore, the above amounts will not require a cash outflow from the Group.

The Group management is in continued discussions with main banks and as a result, during the year as well as of the date of signing of these interim financial information it has successfully agreed to postpone or partially postpone quarterly debt and/or interest service payments. Based on its ongoing discussions with the main banks, Management believes that if further deferrals are required, those will be provided by its banks.

In relation to COVID 19, since the inception of the pandemic and until the date of issuance of these condensed consolidated interim financial information, the Group had not suffered material disruption in its operations and revenues. Group revenues were only partially impacted in relation to the retail segment, which however represent only 7% of the total revenues of the Group. As a result the impact on total revenues was insignificant.

Management believes that the timing and realisation of the above assumptions are reasonable and reflect their assessment of the most likely outcome. However the potential outcome of the above are not wholly within management's control and as a result the events and conditions discussed above indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Management is closely monitoring the forecasted yields and market conditions of the property market in Russia (as described in Note 2) and projects continued profitability and positive operating cash inflows for the Group. Cash flow forecasts for the next 12 months from date of approval of these financial information prepared by management, on the basis of the above assumptions, indicates that the Group, will have sufficient cash inflows to meet its debts as and when they fall due. This assumes that there will be no adverse consequences in relation to the economic environment as explained above and that the Group will be in a position to agree further bank repayment deferrals if the magnitude and duration of the current economic environment will have a worse impact than presently estimated.

For the reasons stated above, the Group's condensed consolidated interim financial information has been prepared on a going concern basis. Therefore, the financial statements do not include any adjustments relating to the recovery of assets recorded and the amount and classification of liabilities or any other adjustments that would have been necessary should the Company and the Group were unable to continue as a going concern.

The principal accounting policies applied in the preparation of these condensed consolidated interim financial information are set out below:

3 Basis of Preparation and Summary of Significant Accounting Policies (Continued)

Functional currency. The individual financial statements of each of the companies within the Group are prepared in the currency of the primary economic environment in which they operate (functional currency). Effective from 1 January 2020, most companies of the Group have changed functional currency from the USD to the RR due to the changes in the loan portfolio. The functional currency of the Company is the RR. The functional currency of the property holding companies is the RR. Refer to Note 4.

Presentation currency. Up to 2019, the Group's financial statements were presented in USD. In 2020, management has decided to change the presentation currency to Russian Rouble. The Group believes that the presentation of financial results in Russian Roubles, following the change in functional currency of the Company and a number of its subsidiaries from 1 January 2020 onwards, will provide greater transparency in the light of recent volatility of the RR exchange rate and provide shareholders and other users of the financial statements with reliable and more relevant information, providing a more accurate reflection of the Group's underlying financial performance and financial position. The change has been applied retrospectively in line with IAS 8 "Accounting Policies, Changes in accounting Estimates and Errors".

All amounts in these condensed consolidated interim financial information are presented in millions of RR.

At 30 June 2021 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 72.3723 (31 December 2020: USD 1 = RR 73.8757) and the average exchange rate calculated on daily basis used for translating income and expenses was USD 1 = RR 74.2710 (2020: USD 1 = RR 72.1464).

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

In preparing these condensed consolidated interim financial information, management makes judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred tax. Deferred tax assets are reviewed at each reporting date and reduced to extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes estimates based on expected performance and tax planning strategies.

Calculation of loss allowance. When measuring expected credit losses (ECL) the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 17.

Valuation of investment properties. Refer to Note 19.

Tax, currency and customs legislation. Russian tax, currency and customs legislation is subject to varying interpretations. Refer to Note 18.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Principal versus agent considerations – services to tenants. The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services. Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and at the same time, consume the benefits from these services.

5 Adoption of New and Revised Standards and Interpretations

New and amended IFRS Standards that are effective for the six month ended 30 June 2021

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020).
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021).

At the date of approval of this consolidated financial statement the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

Not adopted by the European Union

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for annual periods beginning on or after 1 January 2022).
- Amendments to Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Effective for annual reporting periods beginning on or after 1 January 2023).
- Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. (Effective date postponed until further notice from IASB).
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021(issued on 31 March 2021) (effective for annual periods beginning on or after 1 April 2021).

6 Investment Property

<i>In millions of RR</i>	2021	2020
Total investment property at 1 January	191 921	192 714
Subsequent expenditure	112	23
Fair value land lease adjustment	(14)	(16)
Fair value IP adjustment	(1 721)	(1 403)
Total investment property at 30 June	190 298	191 318

The investment property represents land and office buildings located in Moscow, Russia. Land is leased from the Moscow City Authorities under renewable leases (from 1 to 46 years). Under the relevant Russian legislation and the lease contract the owner of the building has priority right to lease and renew the lease of the land on which the building is located. The lease rates are indexed annually.

O1 Properties Group
Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 30 June 2021

6 Investment Property (Continued)

Investment property comprises the following premises intended for use as Class A, Class B+ and Class B office accommodation:

Property name	30 June 2021		31 December 2020	
	Net rentable area (square meters)	Amount (in millions of RRR)	Net rentable area (square meters)	Amount (in millions of RRR)
WHITE SQUARE				
- Leenaya Str., 5, Butyrsky Val Str., 10 LeFORT	76 485	48 847	76 485	49 327
- Elektrozavodskaya Str., 27, bldg. 1, 1A, 2, 3, 3A, 3D, 4-11	55 305	9 375	55 305	9 312
KRUGOZOR				
- Obrucheva Str., 30/1, bldg. 1-3	51 004	10 365	51 004	10 858
VIVALDI PLAZA				
- Leifitkovskaya Str., 2, bldg. 1-3	48 289	21 712	48 289	21 609
SILVER CITY				
- Serebryanicheskaya Emb., 29	41 909	13 464	41 909	13 804
LEGENDA TSVETNOGO				
- Tsvetnoy Boulevard, 2	40 201	20 701	40 201	20 918
WHITE STONE (formerly "LESNAYA PLAZA)				
- 4th Lesnoy Lane, bldg. 4	39 739	14 307	39 739	14 284
STANISLAVSKY FACTORY				
- Stanislavskogo Str. 21, bldg. 1-3, 5, 16-20	34 571	11 051	34 571	11 189
DUCAT III				
- Gashkova Str., 6	33 558	18 536	33 558	19 282
LIGHTHOUSE				
- Vokovaya Str., 26	27 404	11 879	27 404	12 216
ICUBE				
- Nakhimovskiy Prospect, 58	19 176	4 916	19 176	4 891
NEVIS				
- 61/2, Schepkina street, building 12	10 988	2 309	10 988	2 345
GREENDALE				
- Oktyabrskaya Str., 98	under development	1 312	under development	1 238
KUTUZOV				
- Vasiliev Kozhinoy Str., 25	under development	945	under development	348
Total fair value of property per valuation reports	478 639	189 719	478 639	191 621
Less: Reclassification of owner occupied premises in LIGHTHOUSE		(1 031)		(1 057)
Total investment property at fair value		188 688		190 564
Add: Land lease accounted for separately (Note 9)		1 572		1 585
Less: Straight line adjustment on rental income accounted for separately within trade and other receivables		38		(228)
Total carrying value of investment property		190 228		191 921

6 Investment Property (Continued)

At 30 June 2021 and 31 December 2020 the fair value of investment property was based on a report issued by the independent firm of valuers CB Richard Ellis (CBRE), who have issued their report with a "Valuation uncertainty" emphasis paragraph. More specifically CBRE included in their valuation the following note: "Our valuation is reported on the basis of 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

The fact that the current volatility and uncertainty in the Russian economy and financial markets together with continuing pressure on oil prices and weakening of local currency might create significant degree of turbulence in commercial real estate market.

For the avoidance of doubt, this explanatory note – including the 'material valuation uncertainty' declaration – does not mean that the valuation cannot be relied upon. Rather, it has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that the valuation of the Property is kept under frequent review."

Nevis valuation has been carried out using the sales comparison approach, which involves comparison of the subject property with market evidence from other comparable office centers within the local market and making sensitivity adjustments, using valuer's professional judgement.

IAS 40 requires the fair value of investment property to exclude prepaid lease income because the entity recognises it as a separate liability. The Group already considered the prepaid lease income in determining the fair value of investment property and thus no additional adjustment for deferred rental income is required to arrive to the carrying value of investment property.

The critical assumptions used in the valuation are disclosed in Note 19. The pledges on investment properties are disclosed in Note 18.

The minimum future rental income of the Group under non-cancellable operating leases was as follows:

<i>In millions of RRR</i>	30 June 2021	31 December 2020
- not later than one year	16 691	16 821
- later than 1 year and not later than 5 years	34 703	36 471
- later than 5 years	1 444	1 215
Total future rental income	52 838	54 507

7 Loans Issued

<i>In millions of RR</i>	30 June 2021	31 December 2020
Loans issued - due in more than 12 months	15 970	15 615
Loans issued - current portion	2 312	1 917
Total loans issued	18 282	17 532
Loans issued to other companies	18 282	17 532
Total loans issued	18 282	17 532

At 30 June 2021 the Group had one unrelated counterparty (31 December 2020: one counterparty) with balances of loans issued above 10% of the aggregate balances of loans issued. This counterparty did not have credit rating provided by external agency. Aggregate balances of loans issued to the above counterparty as at 30 June 2021 were not secured, bore fixed interest at rates from 0% to 9% per annum and amounted to RR 9 175 million (31 December 2020: RR 9 038 million).

At 30 June 2021 and 31 December 2020 loans other than described above were not secured, were denominated in USD, EUR and RR, had maturity dates from 31 October 2021 to 15 April 2026 (31 December 2020: 30 June 2021 to 31 December 2025) and weighted average rate as at 30 June 2021 was 3.76%.

In April 2019 the parent of the Company, Riverstretch Trading & Investments Limited ("RTI") and the Company signed a "Funded Participation Agreement" according to which the Company funded its parent company's participation in a syndicated loan facility guaranteed by the Company and fully provided in its financial statements. In August 2020 RTI and the Company signed a new sub-participation agreement due to loan portfolio restructuring which took place. The Company's share in the above participation amounted to RR 3 223 million was set off against the corresponding third party bank loan (31 December 2020: RR 3 169 million was included in the amount of loans issued). Loan balance bears no interest and is repayable on demand. Refer to Note 9 and 11 for more details of the above noted restructuring.

At 30 June 2021 the loss allowance per IFRS 9 relating to the loans issued was RR 13 495 million with corresponding reversal in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income of RR 478 million for the period ended 30 June 2021.

At 31 December 2020 the loss allowance per IFRS 9 relating to the loans issued was RR 13 972 million. Reversal in loss allowance in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income was of RR 1 488 million for the period ended 30 June 2020.

The fair value of loans issued is disclosed in Note 19. The exposure of the Group to credit risk in relation to loans issued is reported in Note 17.

8 Trade and Other Receivables

At 30 June 2021 the loss allowance per IFRS 9 relating to the trade and other receivables was RR 1 230 million with corresponding charge in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income of RR 71 million for the period ended 30 June 2021.

At 31 December 2020 the loss allowance per IFRS 9 relating to the trade and other receivables was RR 1 160 million. Reversal in loss allowance in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income was of RR 166 million for the period ended 30 June 2020.

Receivables for sale of subsidiaries of RR 276 million were classified as long term at 30 June 2021 due to management expectations regarding maturity of those receivables.

9 Borrowings

<i>In millions of RR</i>	30 June 2021	31 December 2020
Non-current borrowings		
Loans from banks	151 000	153 143
MOEX EUR bonds	30 481	31 696
Eurobonds	7 872	-
MOEX Rouble bonds	2 041	2 073
Loans from related parties	-	1
Loans from other companies and individuals	1 066	811
Lease liabilities	1 397	1 406
Total non-current borrowings	193 857	188 930
Current borrowings		
Loans from banks	6 776	6 859
MOEX EUR bonds	395	321
Eurobonds	487	28 239
Loans from other companies and individuals	2 430	442
Lease liabilities	175	180
Total current borrowings	10 262	36 041
Total borrowings	204 119	224 971

The amounts above include unamortised loan origination costs of RR 1 466 million (31 December 2020: RR 749 million), notional principal amount of RR 197 382 million (31 December 2020: RR 217 605 million) and interest accruals of RR 6 632 million (31 December 2020: RR 6 528 million).

MOEX Rouble and MOEX EUR bonds (former MOEX USD bonds) represent funding received by the Group as a result of the issue of MOEX Rouble and USD bonds by a company which is under common control with the Company. The MOEX Rouble and EUR bonds (former MOEX USD bonds) are guaranteed by the Company.

In March 2020 the Group was in breach of its coupon payment in respect of the Eurobonds in the amount of RR 28 239 million, issued by the Group.

In December 2020, a vote was taken among bondholders on the restructuring the conditions relating to Eurobonds. In January 2021 the Group successfully completed Eurobond restructuring, which included:

- changing the interest rate from 8.25% to 0.5% per annum,
- extending the maturity period by 7 years,
- modifying the calculation of the amounts payable under the Eurobonds.

The gain on recognition of the Eurobonds was recognized in the amount RR 19 573 million in the condensed consolidated interim statements of profit and loss and other comprehensive income as at 30 June 2021 and outstanding amount RR 8 359 million in the condensed consolidated interim statements of financial position as at 30 June 2021.

9 Borrowings (Continued)

In September 2020 the Group restructured MOEX Rouble bonds. The new facility has four year term and effective or variable interest rate (the resulting gain of this restructuring is 6%).

As further explained in Note 11, in June 2020 the Group agreed to restructure the outstanding balance of O1 Group Limited mezzanine facility in the amount of RR 14 200 million by entering into a new syndicated facility in the amount of RR 7 719 million and topping up existing senior debt facilities in the total amount of RR 6 300 million. The above syndicated facility included at the time of the restructuring RR 4 614 million relating to the participation of RTI. As disclosed in Note 7 to the consolidated interim financial information, RTI and the Company signed a sub-participation agreement and as a result the Company's indirect participation in the above facility amounted to RR 3 223 million which was set-off in this condensed consolidated interim financial information against the corresponding bank loan.

As a result of the above, the Loans from Banks amount included in the above table includes the net debt to RTI which as at 30 June 2021 was RR 2 420 million (Note 11 and 20).

In 2020 and 2021, due to negative impact of COVID-19 on real estate market, the Group entered into negotiations with the banks for loan restructuring. Pursuant to additional agreements signed, the following changes were agreed:

- Partial transfer of current payments to maturity;
- Changes in interest rate terms by cancellation of CBR lower limits and increase of Bank's margin.

The Group is subject to a number of financial covenants related to its borrowings including the following key ratios and indices:

- **Loan to Value Ratios** – represented by different types of ratios expressed as a percentage of the aggregate loans outstanding under the specific credit facility (subject to certain adjustments and depending on the amount of the committed loan facility) to the aggregate market value of a specific property or the property portfolio according to the most recent valuation;
- **Debt Service Cover Ratios** – represented by different types of ratios expressed as a percentage of the net rental income of the Group or its subsidiaries for the specified period to the aggregate of principal, interest and other amounts payable under the specific credit facility for the same period;
- **Equity ratios** – expressed as a percentage of total equity to the aggregate amount of debt;
- **Occupancy ratio** - expressed as a percentage of the total area of the property subject to long term leases to the gross leasable area of the Property; and
- **Minimum amounts of total equity.**

The Group is also subject to compliance with a number of various non-financial covenants. Additional information on covenants is disclosed in Note 18.

The Group was in compliance with or had waivers on all covenants related to key borrowings at 30 June 2021 and 31 December 2020.

9 Borrowings (Continued)

The detailed information on borrowings at 30 June 2021 is presented below:

<i>In millions of RR</i>	Contractual interest rate, % per annum	Maturity (years)	Carrying amount
	CBR Key Rate + 6%	less than 1	1 294
Secured on investment property and investment property under construction	CBR Key Rate + 2.0 - 5.0%	1-4	106 591
	9.8-11%	2-4	15 532
	3 months EURIBOR + 3%-4.3%	1-3	28 879
	CBR Key Rate + 2.35% floor 4.65% - 5.15%	over 5	5 479
Unsecured facility of the Group	1.0%-5.0%	less than 1	450
	2.1% - 9.0%	3-4	14 814
	0.5%-2.3%	over 5	29 608
Lease liabilities			1 572
Total borrowings			204 119

The detailed information on borrowings at 31 December 2020 is presented below:

<i>In millions of RR</i>	Contractual interest rate, % per annum	Maturity (years)	Carrying amount
	CBR Key Rate + 3.75%-6%	less than 1	580
Secured on investment property and investment property under construction	CBR Key Rate + 2.0 - 5.0%	1-4	92 368
	4.2% - 9.8%	2-4	30 939
	3 months EURIBOR + 3%-4.75%	1-4	30 610
	CBR Key Rate + 2.35% floor 4.65% - 5.15%	over 5	5 526
Unsecured facility of the Group	6.25%-13.10%	less than 1	28 681
	2.1% - 9.0%	3-4	12 666
	2.3%	over 5	22 035
Lease liabilities			1 586
Total borrowings			224 971

The lease liabilities are related to the lease of land under investment properties (Note 6). The reconciliation between the total future minimum lease payments and their present value is set out below:

At 30 June 2021 the interest rate implicit in the leases was 10.9% (2020: 10.9%).

<i>In millions of RR</i>	30 June 2021	31 December 2020
Minimum lease payments:		
- not later than one year	171	171
- later than 1 year and not later than 5 years	675	675
- later than 5 years	4 965	5 079
Total minimum lease payments	5 831	5 925
Less future finance charges	(4 259)	(4 340)
Present value of minimum lease payments	1 572	1 586

The fair value of borrowings is disclosed in Note 19.

10 Provisions

At 30 June 2021 the amount of provisions in the condensed consolidated interim statement of financial position, includes the amount of RR 2 134 million (31 December 2020: RR 2 174 million) which was recognized during 2018 in relation to probable obligations as a result of legal proceedings affecting the subsidiary company Semela Limited (Notes 1, 11). It is not expected that there will be a cash outflow in the next 12 months in relation to the above-recognized liability. The potential effect on the condensed consolidated interim financial information in case of change of control is not expected to be higher than the market value of investment property.

At 30 June 2021, the Group and O1 Group Limited have jointly and severally provided an indemnity to two non-controlling shareholders of the Company, regarding losses that might arise from each of the guarantees provided by the Group (Refer to Note 11). At 30 June 2021 these indemnity liabilities were acknowledged in the amount RR 2 787 million (31 December 2020: RR 2 844). The amount of the indemnity was determined as the percentage of the losses from the guarantee that corresponded to their shareholdings in the Company. Refer to Note 11.

11 Financial Guarantees Liabilities

O1 Group Limited as the borrower under an initial RR 9 855 million (USD 175 million based on historical rates) mezzanine loan facility involving a limited number of syndicate participants was unable to perform its obligations due to its poor financial condition. The above debt was guaranteed by the Group and secured by all shares of the Company's subsidiaries in Ratado Holding Limited ("Ratado") (Refer to Note 1). In order to avoid potential seizure of "Ratado" shares by the creditors and as a guarantor under the borrowing, the Group acknowledged the liability in full and started to service the debt. Under the previous borrowing terms of O1 Group, the above debt should have been matured in April 2020. The management of the Group entered into discussions with all the participants which include the Company's parent Riverstreich Trading & Investments Limited (RTI). RTI signed with O1 Properties Limited a Funded Participation Agreement under which the Company was financing part of RTI's participation in the syndicate loan.

At 30 June 2020 the Group agreed a restructured repayment of the outstanding balance of O1 Group Limited mezzanine facility in the amount of RR 14 200 million by entering into a new syndicated facility in the amount of RR 7 719 million and topping up existing senior debt facilities in the total amount of RR 8 300 million. As at 30 June 2021 the above syndicated facility included RR 5 659 million relating to the participation of RTI (Note 20).

The Company entered into a new Funded Participation agreement with RTI for the amount of RR 3 223 million. To the extent to which the Group is effectively financing its participation in the syndicated facility, amounts due from and due to RTI were set-off in this condensed consolidated interim financial information (Note 9).

At 30 June 2021 the Group guarantees liabilities of its previous joint venture in the amount of USD 20 088 thousand (equivalent RR 1 454 million translated using the six month period 2021 closing rate) (31 December 2020: USD 20 088 thousand) should be released. The Group was indemnified by a guarantee issued by Cesium Limited for 49.9% of the guaranteed liability which amounts to USD 10 024 thousand (equivalent RR 725 million translated using the six month period 2021 closing rate) (31 December 2020: USD 10 024 thousand). As a result, the total exposure of the Group in relation to this guarantee is USD 10 064 thousand (equivalent RR 728 million translated using the six-month period 2021 closing rate) (31 December 2020: USD 10 064 thousand). The Company is in the process of negotiation to release this guarantee.

The Group guaranteed liabilities of the third parties with a limit of RR 702 million for one and half years and with a limit of RR 35 million for half year.

11 Financial Guarantees Liabilities (Continued)

At 30 June 2021 the loss allowance per IFRS 9 relating to these financial guarantees liabilities described above (other than related to mezzanine loan) was RR 4 million without corresponding charge in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2021. Several financial guarantees have been released during 2020. Financial guarantee in an amount of RR 13 949 million was reclassified to another financial liabilities due to guarantee release. During the six months 2021 the amount of RR null million was recognised as loss allowance. Refer to Note 17.

12 Trade and Other Payables and Other Liabilities

<i>In millions of RR</i>	30 June 2021	31 December 2020
Payables to third parties	1 289	2 871
VAT and taxes payables other than on income	1 045	1 147
Current income tax liability	722	858
Dividends payable	115	117
Prepayment from tenant for fit out	77	157
Accrued employees compensation	69	72
Payables for professional fees	72	155
Payables for management of properties	35	95
Other	308	272
Total trade and other payables and other liabilities	3 732	5 743

13 Share Capital and Share Premium

Share capital issued and fully paid comprises:

<i>In millions of RR</i>	Number of class A shares issued	Number of class B shares issued	Nominal amount	Share premium	Total
Balance at 1 January 2020	21 694 704	69 175 017	71	73 867	73 938
Balance at 30 June 2020	21 694 704	69 175 017	71	73 867	73 938
Balance at 1 January 2021	21 694 704	69 175 017	71	73 867	73 938
Balance at 30 June 2021	21 694 704	69 175 017	71	73 867	73 938

At 30 June 2021 and 2020 the authorized share capital of the Company was 21 694 704 Class "A" shares of nominal value USD 0.01 each and 200 000 000 Class "B" shares of nominal value EUR 0.01 each.

In accordance with the Articles of Association of the Company class "A" shares (1) do not have voting rights in the event that the holders of class A shares do receive dividends in the preceding calendar quarter, (2) are entitled to non-cumulative quarterly dividends at the absolute discretion of directors of the Company not exceeding USD 2.17 per share p.a. and in priority to other shares, (3) receive maximum USD 18.11 per share upon liquidation and (4) give the holder the right to convert its class "A" shares into class "B" shares. Class "B" shares (1) have voting rights, (2) may receive dividends only if at least minimum amount of dividends has been distributed to the holders of class "A" shares within the same period, and (3) are entitled to distributions upon liquidation.

The Board of Directors does not recommend the payment of dividends from the results of the period ended 30 June 2021 and for the year ended 31 December 2020.

13 Share capital and Share Premium (Continued)

Nature and purpose of reserves

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The revaluation reserve comprises the revaluation of property, plant and equipment immediately before its reclassification as investment property and any surplus or deficit from the revaluation of property, plant and equipment after initial recognition.

14 Net Rental Income

Net rental income for the six months ended 30 June 2021 and 2020:

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
White Square	1 870	2 269
Vivaldi Plaza	949	934
Legenda Tsvetnogo	799	845
Ducat III	676	623
White Stone	581	573
Krugozor	465	539
Stanislavsky Factory	424	426
Silver City	336	570
Lighthouse	283	366
LeFort	214	442
Icube	144	130
Other	112	101
Total net rental income	6 853	7 818

The operating expenses for the six months ended 30 June 2021 and 2020:

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
Property tax	651	649
Property management fees	529	614
Cleaning and utilities	438	293
Security	60	63
Insurance	23	21
Repairs and maintenance	20	19
Other	50	19
Total operating expenses of investment property	1 771	1 678

All operating expenses relate to the investment property generating the revenue.

Information on transactions with related parties is presented in Note 20.

15 General and Administrative Expenses and Other Operating Expenses

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
Employees compensation	285	262
Professional services	212	157
Social contributions	48	65
Own premises related expenses	28	28
Depreciation of property, plant and equipment	28	18
Marketing and advertising	27	25
Travel	15	5
Bank fees	7	6
Information services	6	13
Taxes other than income	1	1
Other	-	3
Total general and administrative expenses	657	582

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
Leasing commissions	72	67
Fines	15	1
Professional services	11	2
Other	25	10
Total other operating expenses	123	80

The professional services for the six months ended 30 June 2021 and 2020 stated above include the fees related to the restructuring of borrowings and Eurobonds and the Group's reorganization.

Information on transactions with related parties is presented in Note 20.

16 Finance Income and Finance Costs

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
Gain from financial liability extinguishment	19 573	-
Interest income on loans	849	1 193
Net gain from derivatives	377	-
Interest income on deposits	5	2
Net gain on revaluation of other investments	-	37
Total finance income	20 804	1 232
Interest expense on borrowings (excluding lease liability)	6 829	7 630
Interest expense on accretion of interest on tenants deposits	231	243
Net loss on revaluation of other investments	198	-
Charge on lease liabilities	84	75
Net loss from derivatives	-	1 245
Total finance costs	7 342	9 193

Information on transactions with related parties is presented in Note 20.

17 Financial Risk Management

Credit risk

The Group is exposed to the following risks arising from the financial instruments it holds:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. There were no significant changes to the risk management policies described in the consolidated financial statements for the year ended 31 December 2020.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is > 90 days past due (depending on type and nature of financial asset) or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – non credit-impaired
In default	Amount is > 180 days past due (depending on type and nature of financial asset) or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

17 Financial Risk Management (Continued)

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

<i>In millions of RR</i> 30 June 2021	Note	External credit rating	Internal credit rating	Basis for recognising expected credit losses	Gross carrying amount	Loss allowance	Net carrying amount
Loans issued	7	N/A	Performing	12-month ECL	4 842	(48)	4 794
Loans issued	7	N/A	in default	Lifetime ECL (not credit impaired)	28 934	(13 448)	13 488
Trade and other receivables	8	N/A	In default	Lifetime ECL (credit impaired)	689	(696)	-
Trade and other receivables	8	N/A	(**)	Lifetime ECL (simplified approach)	2 003	(257)	1 746
Receivables from sale of subsidiaries	8	N/A	in default	Lifetime ECL (not credit impaired)	550	(274)	276

Guarantees issued:

<i>In millions of RR</i> 30 June 2021	Note	External credit rating	Internal credit rating	Basis for recognising expected credit losses	Exposure	Loss allowance
Financial guarantee contracts	11	N/A	(*)	12-month ECL	763	(4)

The detailed information at 31 December 2020 is presented below:

<i>In millions of RR</i> 31 December 2020	Note	External credit rating	Internal credit rating	Basis for recognising expected credit losses	Gross carrying amount	Loss allowance	Net carrying amount
Loans issued	7	N/A	Performing	12-month ECL	4 104	(61)	4 043
Loans issued	7	N/A	in default	Lifetime ECL (not credit impaired)	27 389	(13 911)	13 489
Trade and other receivables	8	N/A	In default	Lifetime ECL (credit impaired)	709	(709)	-
Trade and other receivables	8	N/A	(**)	Lifetime ECL (simplified approach)	2 236	(178)	2 060
Receivables from sale of subsidiaries	8	N/A	in default	Lifetime ECL (not credit impaired)	550	(274)	276
Deposits in banks		N/A	Performing	12-month ECL	70	-	70

Guarantees issued:

<i>In millions of RR</i> 31 December 2020	Note	External credit rating	Internal credit rating	Basis for recognising expected credit losses	Exposure	Loss allowance
Financial guarantee contracts	11	N/A	(*)	12-month ECL	819	(4)

17 Financial Risk Management (Continued)

* For Group guarantee, the exposure of guarantee represents the maximum amount the Group has guaranteed under the respective agreement.

** For trade receivables and other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix below:

Days of payment delay	0-30	31-90	91-180	More than 180
Provision, % of outstanding amount	1%	20%	50%	100%

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets and financial guarantees:

	12-month ECL Loans	Lifetime ECL (not credit impaired) Loans	Lifetime ECL (not credit impaired) Receivables	Lifetime ECL (simplified approach) Receivables	Lifetime ECL (credit impaired) Receivables	12-month ECL Guarantee	Total
Balance as at 1 January 2021	61	13 911	274	177	709	4	15 137
Increase/decrease in loss allowance recognised in the period	(13)	(186)	5	80	5	-	(100)
Currency exchange difference	-	(278)	(5)	-	(15)	-	(298)
Balance as at 30 June 2021	48	13 447	274	257	699	4	14 729

The detailed information for the six months 2020 is presented below:

	12-month ECL Loans	Lifetime ECL (not credit impaired) Loans	Lifetime ECL (not credit impaired) Receivables	Lifetime ECL (simplified approach) Receivables	Lifetime ECL (credit impaired) Receivables	Lifetime ECL (credit impaired) Guarantee	12-month ECL Guarantee	Total
Balance as at 1 January 2020	30	8 713	367	169	880	11 778	4	21 941
Reclassification to another financial liability	-	-	-	-	-	(13 949)	-	(13 949)
Increase/decrease in loss allowance recognised in the period	1	(173)	(254)	28	-	657	-	257
Currency exchange difference	4	(1 320)	48	(1)	17	1 514	-	280
Balance as at 30 June 2020	35	7 220	159	194	897	-	4	8 509

There has not been any significant change in the gross amounts of contract assets that has affected the estimation of the loss allowance.

None of the trade receivables that have been written off is subject to enforcement. The carrying amount of financial assets represents the maximum credit exposure (Notes 7 and 8). Also refer to Notes 18 and 11 for the information on derivatives financial instruments and guarantees respectively.

18 Contingencies, Commitments and Operating Risks

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of management's own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of any such claims, and accordingly no provision has been recorded in these condensed consolidated interim financial information.

As of the date of approval of these consolidated financial statements, there are court proceedings in Russia and in Cyprus brought by certain financial institutions against the previous shareholders of the Company, the Company and other related parties in relation to transactions entered into by the previous majority shareholders of the Company. As those proceedings are still at the initial stages (except with respect to the case of Semela Limited, specific details of which are discussed under the section "Assets pledged and restricted" below), their impact, if any for the Company and the Group cannot presently be assessed.

In the first quarter of 2019 Moscow Property Department unilaterally terminated lease agreement for the land under the Greendale project. However, due to the fact, that the Group ownership rights for the construction in progress were registered, in January 2021 the Group renewed a new land lease agreement with the Moscow Property Ministry for 3 years without a tendering procedure. The Moscow Development and Land Commission has agreed with provision of the land plot for the completion of the project development.

In the beginning of 2020, Moscow Property Department applied to court claiming overdue rent under terminated lease. The Group is ready to challenge the claim in court. In April 2021 the Group successfully close the lawsuit in a court.

Tax contingencies. Russian tax legislation which was recently enacted is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods 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.

As Russian tax legislation does not provide definitive guidance in certain areas, from time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), with certain specific features. This legislation allows tax authorities to assess additional taxes for controllable transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

18 Contingencies, Commitments and Operating Risks (Continued)

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Company's operations.

Most of the Group's companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia, except for those entities that have registered commercial Branches in the Russian Federation. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

Certain changes into Russian Tax Code that came into force starting 1 January 2015, which introduced the following concepts: (i) the "controlled foreign companies rules" (the "CFC Rules"). Under the Russian CFC Rules, in certain circumstances, undistributed profits of foreign companies and non-corporate structures (e.g., trusts, funds or partnerships) domiciled in foreign jurisdictions, which are ultimately owned and/ or controlled by Russian tax residents (legal entities and individuals), shall be subject to taxation in Russia; (ii) the concept of tax residency for legal entities. Under this concept a legal entity may be recognized as Russian tax resident if such entity is in fact managed from Russia. When an entity is recognized as Russian tax resident it is obligated to register, calculate tax on its worldwide income and comply with other tax-related rules established for Russian entities; (iii) the concept of "beneficial ownership". Under the Federal Law, a beneficial owner is defined as a person holding directly, through its direct and/or indirect participation in other organizations or otherwise, the right to own, use or dispose of income, or the person on whose behalf another person is authorized to use and/or dispose of such income.

Tax liabilities of the Group companies are determined based on the underlying assumption that Group companies except those registered in the Russian Federation are not Russian tax residents and are beneficial owners of income received from Russia. It is possible, with the evolution of the above concepts, that such approach could be challenged both for the reporting period and in certain cases for previous years open for tax audits. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Company's operations.

Management assessed the impact of these changes and believe that it is not probable that the manner of doing operations by, and with, the foreign Group companies will give rise to material tax liabilities other than those provided in these consolidated financial information. The tax legislation in Russia is subject to varying interpretations which can change frequently and as such an unquantifiable risk remains that the tax authorities could seek to challenge this position in the future and levy additional tax on the Group. Accordingly as of 30 June 2021 no provision for potential tax liabilities had been recognized.

The Group is assessing the impact that the changes introduced by the above laws may have on its operations and/or reporting.

In addition to the above matters, management estimates that at 30 June 2021 the Group had possible obligations from exposures to other than remote tax risks of approximately up to RR 1 534 million (31 December 2020: approximately up to RR 1 502 million). In the event that these possible tax risks crystallise as liabilities in the near future, the tax losses could be used to settle these liabilities. These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Based on various valid arguments Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these condensed consolidated interim financial information if these are challenged by the authorities.

Capital commitments. At 30 June 2021 the Group has RR 285 million contractual capital expenditure commitments (31 December 2020: RR 23 million).

Assets pledged and restricted. At 30 June 2021 investment properties and owner occupied premises with a fair value of RR 188 691 million and RR 1 028 million respectively (31 December 2020: RR 190 564 million and RR 1 058 million respectively) and related land lease and lease proceeds were pledged in relation to borrowings (Notes 6, and 9). Also refer to Note 1 for the information on shares of subsidiaries of the Group pledged.

18 Contingencies, Commitments and Operating Risks (Continued)

According to the signed loan agreements with the bank, the Group has no pledges on cash, but restrictions on deposits accounts are possible. If the Group violates the terms of the agreements (non-payments under credit agreement), the bank has the opportunity to withdraw the debt from such accounts. As at 30 June 2021 all payments were done in an appropriate time and such bank restrictions were not applicable.

At 30 June 2021 a residential property in the amount RR 597 million was pledged in relation to borrowings (31 December 2020: RR 664 million).

Under the legal proceeding between certain financial institutions and the companies controlled by the Ultimate Controlling Shareholder, the participatory interest of Semela Limited and investment property owned by Semela Limited (constituting Nevis Business Center) have been restricted for disposal as the injunction under the specified legal proceeding. In September 2018 an unfavourable judgement was handed down against the Group in this respect. At 30 June 2021 the Group recognised the provision in the amount RR 2 134 million (31 December 2020: RR 2 174 million) which is equal to the net assets value of Semela Limited. Refer to Note 10.

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. Refer to Note 9.

In relation to the Borrowings detailed above in the section "Assets pledged and restricted" the Company accepted an obligation to comply with certain covenants and conditions.

At 30 June 2021 and 31 December 2020 the Group was in compliance with main covenants.

Share based payments to employees. As at 30 June 2021 and 31 December 2020 there is no liability from the directors' share based payments plan.

Derivatives. The Group uses derivatives to manage interest rate and currency risk. Derivative financial instruments have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The valuation of the derivatives is performed based on discounted cash flows models. The key inputs to the models are the interest rate curves and future foreign exchange rates which are based on the market information. The valuations are performed internally and for interest rate swap and interest rate cap contracts values are validated against the valuations of the transactions obtained independently from the counterparty banks.

At 30 June 2021 the Group had interest rate swap contracts with a total notional amount of RR 7 061 million (31 December 2020: RR 7 106 million). At 30 June 2021 the negative fair value of these contracts was RR 43 million (31 December 2020: RR 50 million).

In November 2020 interest rate cap contracts were novated in a new agreements with a total notional amount of RR 17 750 million (EUR 209 million) at 30 June 2021 (31 December 2020: RR 18 975 million) whereby the Group fixes the highest level of the floating part of the interest rate. At 30 June 2021 the positive fair value of these contracts was RR 451 thousand (31 December 2020: RR 1 271 thousand).

At 30 June 2021 the Group had a currency swap contract with a total notional amount of RR 10 389 million (31 December 2020: RR 10 562 million) whereby the Group was paying fixed rate interest in EUR in exchange for fixed rate interest in Russian Rouble. At 30 June 2021 the negative fair value of this contract was RR 2 057 million (31 December 2020: RR 2 429 million).

19 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The estimated fair values have been determined by the Group using available market information, when such information exists and is considered a reliable indicator, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market (Note 2). Market quotations may be outdated or reflect distressed sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Valuation of investment properties. The fair value of investment properties represents Level 3 measurement. In determining the fair value of the Group's investment property, management have regard to reports of independent appraisers who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category (Refer to Note 3).

Since the information on current or recent prices of comparable investment properties was limited, the fair value of investment properties was determined mainly using discounted cash flow valuation techniques. The Group used assumptions that were mainly based on market conditions existing and contracted rental agreements as at each reporting date. Changes in assumptions used in the valuation techniques could affect reported fair values.

The methodology used for the valuation of investment property has not changed since 31 December 2018.

O1 Properties Group

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 30 June 2021

19 Fair Value (Continued)

The valuation technique, inputs used in the fair value measurement of the investment property and premises, and related sensitivity to reasonably possible changes in those inputs were as follows at 30 June 2021:

	Valuation technique	Inputs used	Range of inputs	Reasonable change (% of input)	Sensitivity of fair value measurement	Fair value
<i>In millions of RR</i>						
Yielding Investment property	Discounted Cash Flow Technique	Discount rates	10.0 - 11.0%	+10 % -10 %	(9 117) 9 485	187 462
		Estimated rental value	18 000 - 42 000 RR/sq.m.	+10 % -10 %	13 546 (13 010)	
		Exit capitalization rates	8.25 - 9.0%	+10 % -10 %	(9 550) 11 292	
Investment property under development	Discounted Cash Flow Technique	Discount rates	15.5%	+10 % -10 %	(113) 120	2 257
		Estimated rental value/ Expected sq.m price	223 000 - 520 000 RR/sq.m.	+10 % -10 %	643 (673)	
		Exit capitalization rates	9.0%	+10 % -10 %	(945) (945)	
						189 719
Total fair value of investment property per valuation reports at 30 June 2021 (Note 6)						

The valuation technique, inputs used in the fair value measurement of the investment property, including premises, and related sensitivity to reasonably possible changes in those inputs were as follows at 31 December 2020:

	Valuation technique	Inputs used	Range of Inputs	Reasonable change (% of input)	Sensitivity of fair value measurement	Fair value
<i>In millions of RR</i>						
Yielding Investment property	Discounted Cash Flow Technique	Discount rates	10.0 - 11.0%	+10 % -10 %	(9 216) 9 579	190 035
		Estimated rental value	18 000 - 42 500 RR/sq.m.	+10 % -10 %	14 140 (14 763)	
		Exit capitalization rates	8.25 - 9.0%	+10 % -10 %	(9 687) 11 839	
Investment property under development	Discounted Cash Flow Technique	Discount rates	15.5% - 18.5%	+10 % -10 %	(209) 229	1 585
		Estimated rental value/ Expected sq.m price	19 500 - 146 528 RR/sq.m.	+10 % -10 %	617 (617)	
		Exit capitalization rates	9.0%	+10 % -10 %	(209) (255)	
Total fair value of investment property per valuation reports at 31 December 2020 (Note 6)						191 621

19 Fair Value (Continued)

Refer to Note 6 for information on movements in fair value of the investment property. The sensitivity of fair value measurement to change of inputs is estimated by adjusting the variable and assuming that other variables remain the same.

During the six months ended 30 June 2021 and 2020 there were no reclassifications from or into Level 3 measurements.

All gain/(loss) from valuation of investment property included unrealised as well as realised gain/(loss) from disposed investment property and presented in net gain from fair value adjustment on investment property line in the condensed consolidated interim statement of profit and loss and other comprehensive income.

All gain/(loss) from revaluation of owner occupied premises is unrealised and presented in revaluation of property, plant and equipment line in consolidated other comprehensive income.

Cash and cash equivalents. Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Financial assets carried at amortised cost (Level 3). The estimated fair value of financial assets carried at amortised cost is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Interest rates used depend on the perceived credit risk of the counterparty and ranged at 30 June 2021 from 2.25% p.a. to 10.0% p.a. (2020: from 2.25% p.a. to 12.75% p.a.).

Liabilities carried at amortised cost (Level 3). The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. Interest rates used ranged from 0.5% p.a. to 11.0% p.a. (2020: from 2.1% p.a. to 11.0% p.a.).

Financial instruments and other investments carried at fair value. The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

All of the Group's financial liabilities except for derivative financial instruments were carried at amortised cost.

At 30 June 2021 and 31 December 2020 all derivative financial instruments were valued using valuation techniques (Discounted Cash Flow) with inputs observable in markets which is Level 2 measurement. Refer to Note 18.

19 Fair Value (Continued)

The comparison of the fair value and the carrying value of main assets and liabilities carried at amortised cost was as follows:

<i>In millions of RR</i>	30 June 2021		31 December 2020	
	Fair value	Carrying value	Fair value	Carrying value
Loans issued (Level 3)	18 066	18 282	17 560	17 532
Trade and other receivables (Level 3)	2 060	2 060	2 108	2 108
Cash and cash equivalents (Level 2)	1 487	1 487	2 763	2 763
Loans from banks (Level 3)	161 846	157 775	161 155	160 002
Loans from other companies and individuals (Level 3)	3 508	3 497	1 064	1 054
MOEX EUR bonds (Level 3)	30 808	30 808	32 017	32 017
MOEX Rouble bonds (Level 3)	2 108	2 108	2 073	2 073
Eurobonds (Level 3)	8 359	8 359	29 155	28 239
Lease liabilities (Level 3)	1 573	1 573	1 586	1 586
Tenant deposits (Level 3)	2 926	2 926	3 100	3 100
Trade and other payables (Level 3)	2 618	2 618	4 528	4 528

20 Related Party Transactions

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if they are under common control, or if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The outstanding balances with related parties were as follows:

<i>In millions of RR</i>	30 June 2021		31 December 2020	
	Immediate shareholders (excluding key management personnel)	Companies under significant influence of ultimate controlling shareholder	Immediate shareholders (excluding key management personnel)	Companies under significant influence of ultimate controlling shareholder
Trade and other receivables (Note 8)	-	276	-	276
Borrowings (Note 9)	(2 420)	-	(2 387)	(1)
Dividends	(15)	(100)	(16)	(101)

20 Related Party Transactions (Continued)

The income and expense items with related parties for the period six month ended 30 June 2021 and 2020 were as follows:

<i>In millions of RR</i>	For the six months ended 30 June	
	2021	2020
	Key management personnel	Key management personnel
Salaries and bonuses	(38)	(29)
Other operating expenses	(12)	(10)
Social contribution	(3)	(4)

In addition the Group guaranteed obligations of related parties and pledged shares in certain subsidiaries in relation to liabilities of related parties (Notes 1,10 and 11).

Refer to Note 9 for the information regarding funding received by the Group as a result of issue by a company controlled by the previous Ultimate Controlling Shareholder of Rouble and USD bonds guaranteed by the Company.

21 Disposals

In June 2021 the Group liquidated Gasheka Realty Limited Liability Company which do not have a material impact on its consolidated financial statements. During the six months ended 30 June 2021 the net gain from these disposal, was RR nil million.

During the year ended 31 December 2020 the Group sold and liquidated a number of minor subsidiaries (Quotex Limited, Briz Limited, Genovius Ltd) which do not have a material impact on its consolidated financial statements. During the six month ended 30 June 2020 the net gain from these disposals, was RR 11 million.

22 Subsequent Events

In July 2021 the Group sold its 100% interest in "Firma "MORAVA" LLC (Russia) which owns the Greendale apartments under construction in Moscow and 97% interest in CJSC ALMOS (Russia) with the simultaneous repayment of the bank financing.

Refer to Note 2 for the information on significant changes in foreign currency exchange rates during 2021.

There were no material subsequent events which have an impact on the understanding of the consolidated interim financial information.