O1 Properties Group

Condensed Consolidated Interim Financial Information
30 June 2022 (Unaudited)

CONTENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

In millions of RR	Note	30 June 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment		1	1 057
Investment property	6	186 617	186 673
Other investments		7	4
Loans issued	7	9 625	13 580
Trade and other receivables	8	555	552
Deferred income tax asset		4 332	4 542
Total non-current assets		**201 137**	**206 408**
Current assets			
Residential property under construction		-	670
Loans issued	7	1 334	1 277
Trade and other receivables	8	2 816	1 983
Cash and cash equivalents		1 604	1 881
Total current assets		**5 754**	**5 811**
TOTAL ASSETS		**206 891**	**212 219**
LIABILITIES			
Non-current liabilities			
Borrowings	9	149 743	169 042
Tenant deposits		1 107	2 195
Deferred income tax liability		4 882	4 926
Total non-current liabilities		**155 732**	**176 163**
Current liabilities			
Borrowings	9	39 413	37 156
Derivative financial instruments	18	16	1 960
Tenant deposits		603	514
Deferred rental income		2 406	3 010
Provisions	10	1 970	2 860
Financial guarantees liabilities	11	3	4
Trade and other payables and other liabilities	12	4 379	3 885
Total current liabilities		**48 790**	**49 389**
TOTAL LIABILITIES		**204 522**	**225 552**
EQUITY			
Share capital and share premium	13	73 938	73 938
Property revaluation reserve		-	789
Currency translation reserve		(6)	(11)
Accumulated losses		(71 323)	(86 996)
Equity/(Equity deficit) attributable to the owners of the Company		**2 609**	**(12 280)**
Non-controlling interest		**(240)**	**(1 053)**
TOTAL EQUITY/(EQUITY DEFICIT)		**2 369**	**(13 333)**
TOTAL LIABILITIES AND EQUITY		**206 891**	**212 219**

Approved for issue by the Board of Directors and signed on its behalf on 26 September 2022.

Director Teptieva B. T.

Director Moldozhasynov T. K.

The accompanying notes on pages 8 to 36 are an integral part of these condensed consolidated interim financial information.

In millions of RR	Note	For the six months ended 30 June 2022	2021
Rental revenue		9 594	8 624
Operating expenses of investment property	14	(1 796)	(1 771)
Net rental income	14	**7 798**	**6 853**
Net gain/(loss) from fair value adjustment on investment property	6	653	(1 734)
General and administrative expenses	15	(403)	(657)
Reversal provisions/(provisions)	10	-	40
Other operating expenses	15	(119)	(123)
Other income		645	119
Net loss from acquisition and disposal of subsidiaries		(179)	-
Finance income	16	1 727	20 804
Finance costs	16	(12 952)	(7 342)
Net reversal of impairment on financial assets and guarantees	7,8,11	4 581	407
Foreign exchange translation gains less losses		14 836	2 760
Income before income tax		**16 587**	**21 127**
Income tax expenses		(92)	(152)
Income for the period		**16 495**	**20 975**
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Effect of translation to presentation currency of the financial statements of foreign operations		5	16
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(789)	(24)
Deferred tax asset movement on the property revaluation		-	5
Other movement		(9)	(61)
Total other comprehensive loss for the period		**(793)**	**(64)**
Total comprehensive income for the period		**15 702**	**20 911**
Income is attributable to:			
- Owners of the Company		15 673	21 229
- Non-controlling interest		822	(254)
Total comprehensive income is attributable to:			
- Owners of the Company		14 888	21 226
- Non-controlling interest		814	(315)

In millions of RR	Share capital	Share premium	Property revaluation reserve	Currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total (equity deficit) / equity
	Attributable to owners of the Company							
Balance at 1 January 2021	**71**	**73 867**	**958**	**(13)**	**(103 960)**	**(29 077)**	**(62)**	**(29 139)**
Total comprehensive profit								
Profit for the period	-	-	-	-	21 229	21 229	(254)	20 976
Other comprehensive (loss)/income for the period	-	-	(19)	16	-	(3)	(61)	(64)
Total comprehensive (loss)/income for the period	-	-	(19)	16	21 229	21 226	(315)	20 911
Balance at 30 June 2021	**71**	**73 867**	**939**	**3**	**(82 731)**	**(7 851)**	**(377)**	**(8 228)**
Balance at 1 January 2022	**71**	**73 867**	**789**	**(11)**	**(86 996)**	**(12 280)**	**(1 053)**	**(13 333)**
Total comprehensive (loss)/income								
Income for the period	-	-	-	-	15 673	15 673	822	16 495
Other comprehensive (loss)/income for the period	-	-	(789)	5	-	(784)	(9)	(793)
Total comprehensive (loss)/income for the period	-	-	**(789)**	5	15 673	14 889	813	15 702
Balance at 30 June 2022	**71**	**73 867**	**-**	**(6)**	**(71 323)**	**2 609**	**(240)**	**2 369**

In millions of RR	Note	For the six months ended 30 June 2022	2021
Income before income tax		**16 587**	**21 127**
Adjustments for:			
Depreciation	15	20	28
Net (gain)/loss from fair value adjustment on investment property	6	(653)	1 734
Net loss from disposal of subsidiaries	21	179	-
Provisions reversals	10	-	(40)
Net reversal of impairment on financial assets and guarantees	7,8,11	(4 581)	(407)
Finance costs	16	12 952	7 342
Finance income	16	(1 727)	(20 804)
Foreign exchange translation gains less losses		(14 836)	(2 760)
Other non-cash adjustments		-	35
Operating cash flows before working capital changes		**7 941**	**6 255**
Net (increase)/decrease in trade and other receivables		(673)	208
Net decrease in residential property under construction		746	68
Net decrease in tenant deposits		(1 088)	(377)
Net (decrease)/increase in deferred rental income		(604)	313
Net increase/(decrease) in trade and other payables		1 314	(2 153)
Changes in working capital		**(305)**	**(1 941)**
Income tax paid		(364)	(158)
Net cash from operating activities		**7 272**	**4 156**
Cash flow from/(used in) investing activities			
Expenditures on subsequent improvements of investment property	6	(14)	(112)
Expenditures on subsequent improvements of residential property under construction	10	(76)	-
Additions to plant, property and equipment	6	(12)	(3)
Loans issued		(787)	(1 447)
Repayment of loans issued		508	702
Interest received/(paid)		(4)	(271)
Net cash used in investing activities		**(385)**	**(1 131)**
Cash flows used in financing activities			
Proceeds from borrowings		246	2 533
Repayment of borrowings		(1 817)	(1 540)
Interest paid		(5 499)	(5 328)
Payments for land lease		(95)	(91)
Net cash used in financing activities		**(7 165)**	**(4 426)**
Effect of exchange rate changes on cash and cash equivalents		1	125
Net (decrease)/increase in cash and cash equivalents		**(277)**	**(1 276)**
Cash and cash equivalents at beginning of the period		1 881	2 763
Cash and cash equivalents at the end of the period		**1 604**	**1 487**

1 General Information

This condensed consolidated interim financial information for the six months ended 30 June 2022 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 2022 and 31 December 2021 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 2022 and 31 December 2021 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, a resident of the Republic of Cyprus 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.

In March 2022, Moody’s Investors Service withdrew the Company‘s long-term corporate credit rating. (February 2021: Caa2). Refer to Note 2 for changes subsequent to the year end.

At 30 June 2022 and 31 December 2021 the consolidated subsidiaries of the Group were as follows:

Entity	Country of incorporation/ continuation	Principal activity	% of effective ownership at 30 June 2022	% of effective ownership at 31 December 2021
Business Center Stanislavsky (Cyprus) Limited	Cyprus	Investment property	100 [1]	100 [1]
Chainlord Limited (former Vardarac S.à.r.l.)	Cyprus	Investment property	50.5 [1]	50.5 [1]
Krugozor Business Center (Cyprus) Limited	Cyprus	Investment property	100 [1]	100 [1]
Le Fortaco Limited	Cyprus	Investment property	100 [1]	100 [1]
Levisoma Trading Limited	Cyprus	Investment property	100 [1]	100 [1]
Levium Limited	Russian Federation	Investment property	50.52 [1]	50.52 [1]
LLC "FENIX"	Russian Federation	Investment property	-	99 [1]
LLC "Silver city"	Russian Federation	Investment property	100 [1]	100 [1]
LLC "Specialized developer "VKS INVEST"	Russian Federation	Investment property	-	100 [1]
Lomnia Services Limited	Cyprus	Investment property	100 [1]	100 [1]
Mervita Holdings Limited	Cyprus	Investment property	100 [1]	100 [1]
OOO KVARTAL 674-675	Russian Federation	Investment property	100 [1]	100 [1]
Pianconero Investments Limited	Cyprus	Investment property	100 [1]	100 [1]
Starglance Limited (former Balaton Holding S.à r.l.)	Cyprus	Investment property	100 [1]	100 [1]
Tzortis Limited	Cyprus	Investment property	100 [1]	100 [1]
Afelmor Overseas Limited	Cyprus	Holding company	100 [1]	100 [1]
Aldino Holding Limited	Cyprus	Holding company	100	100
Amneris Limited	Cyprus	Holding company	50.5	50.5
Amortilla Holding Limited	Cyprus	Holding company	100 [1]	100 [1]
Argam Limited (Note 21)	Cyprus	Holding company	-	100 [1]
Bitlena 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]
Gardin Limited	Cyprus	Holding company	100	100
Gunilla Limited	Cyprus	Holding company	50.5 [1]	50.5 [1]
Hannory Holdings Limited	Cyprus	Holding company	100	100
Letvion Investments Limited	Cyprus	Holding company	85	85

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
Mistalda Holdings Limited	Cyprus	Holding company	50.52	50.52
Mokati Limited (Note 21)	Cyprus	Holding company	-	100 [1]
Mooncrown Limited (Note 21)	Cyprus	Holding company	-	100
Moonpeak Limited	Cyprus	Holding company	100	100
Niceta Trading Limited	Cyprus	Holding company	100	100
Paremos Limited	Cyprus	Holding company	100	100
Persey CJSC	Russian Federation	Holding company	100	100
Pieva Limited	Cyprus	Holding company	-	100
Quintiliano Limited	Cyprus	Holding company	100	100
Ratado Holding Limited	Cyprus	Holding company	100 [2]	100 [2]
Sabaton Holdings Limited	Cyprus	Holding company	100	100
Sharezone Capital Limited	Cyprus	Holding company	100 [1]	100 [1]
Somertal Ltd	Cyprus	Holding company	100	100
Stoneface Limited	Cyprus	Holding company	100	100
Thabit Holdings Limited	Cyprus	Holding company	100	100
Theochristel Limited	Cyprus	Holding company	100	100
Vielle Limited	Cyprus	Holding company	100	100
Velorum Limited (former Vivaldi Holdings Limited)	Cyprus	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]
Belegar Limited	Cyprus	Financing company	100 [1]	100 [1]
Eagleman Limited	Cyprus	Financing company	100	100
Fundin Investments Limited	Cyprus	Financing company	100	100
Goldflavour Limited	Cyprus	Financing company	100	100
Kinevart Investments Limited	Cyprus	Financing company	100 [1]	100 [1]
Lermondo Limited	Cyprus	Financing company	100	100
Mistmoores Holding Limited (former Silver City Finance S.à r.l.)	Cyprus	Financing company	100 [1]	100 [1]
Moonshard Limited (former Margo S.à r.l.)	Cyprus	Financing company	50.52	50.52
O1 Properties Finance Plc (former Pareso Limited)	Cyprus	Financing company	100	100
Silverflair Limited	Cyprus	Financing company	100	100
"City-Developer" Limited	Russian Federation	Management company	-	100
O1 Advisory LTD	Cyprus	Management company	100	100
O1 Properties Management CJSC	Russian Federation	Management company	-	100
Annabeth Services Limited	Cyprus	Inactive	85	85
Alfa JSC (Note 21)	Russian Federation	Inactive	-	100
Aquamarine JSC (Note 21)	Russian Federation	Inactive	-	100
Barkmere Limited	Cyprus	Inactive	100	100
Calypso JSC	Russian Federation	Inactive	100	100
Helios JSC (Note 21)	Russian Federation	Inactive	-	100
Nikkon Global Ltd	British Virgin Islands	Inactive	100	100
Raincloud Trading Limited	Cyprus	Inactive	100	100
Simeona Limited	Cyprus	Inactive	100	100
Starie Serebryaniki JSC	Russian Federation	Inactive	100	100
Taavo Enterprises Limited	Cyprus	Inactive	85	85
Taurida JSC (Note 21)	Russian Federation	Inactive	100	-
Terra JSC (Note 21)	Russian Federation	Inactive	-	100
Unia JSC (Note 21)	Russian Federation	Inactive	-	100

1 Pledged in relation to borrowings (Note 9).

2 Refer to Note 9,11,18 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 ended 30 June 2022 and 2021.

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 is currently 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. However Management will continue to monitor the situation closely and will assess the need for additional actions in case the period of disruption becomes prolonged. At the same time the Group's management is in the process of reassessing their cash flows model using revised assumptions and incorporating downside scenarios in assessing actual and potential financing needs, taking into consideration the potential impacts identified above (Note 3).

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.

Gradual liberalization by the Government of restrictive measures imposed in response to the COVID-19 pandemic led to a rapid recovery of economic activity in the Russian Federation at the end of 2021.

In February 2022 economic situation in the Russian Federation was negatively affected by escalated military and political conflict related to Ukraine and the associated international sanctions against a number of Russian institutions, companies, banks and individuals, which may have negative impact on commodity and financial markets, and increased volatility, particularly with regard to foreign exchange rates and financial markets. There is an expectation of further sanctions and limitations on business activity of companies operating in respective regions, as well as consequences on the economy in general, but the full nature and possible effects of these are unknown. 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 differ from actual results.

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. However in early 2021 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.

2 Operating Environment of the Group (Continued)

As a result during the six-month period ended 30 June 2022:

- the Central Bank of the Russian Federation ("CBRF") exchange rate was RR 74.2926 and RR 51.1580 per US dollars ("USD") as of 1 January 2022 and 30 June 2022 respectively and varied between 71.6797 and 77.7730 during the six months ended 30 June 2021;
- the CBRF key refinancing interest rate increased from 8.5% p.a. to 9.5% 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;
- rating agencies downgraded Russia's sovereign ratings. They noted that the imposed sanctions raise concerns about Russia's ability to service debt obligations. In March 2022, Fitch Ratings withdrew the credit rating of Russia, Moody's Investors Service decreased the credit rating of Russia from Baa3 to Ca and decrease the outlook for the future "negative", Standard & Poor's decreased the credit rating of Russia from BBB to CC with "negative" outlook;
- in March 2022, Moody's Investors Service withdrew the Company's long-term corporate credit rating;
- 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 2022:

- the CBRF exchange rate fluctuated between RR 52.5123 per USD and RR 63.1427 per USD;
- the CBRF key refinancing interest rate decreased from 9.5% p.a. to 7.5% 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.

2 Operating Environment of the Group (Continued)

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.

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 Moody's.

After the losses of 2020 due to the pandemic according to the Flash Estimate compiled by the Statistical Service of Cyprus, GDP grew 5.5% in 2021. This rate is 105 –tenths of one percent higher than the figure of – 5% published in 2020. Labour Force Survey (LFS) unemployment, in monthly seasonally adjusted terms, decreased to 6.4% in December 2021 compared to 8.0% in December 2020.

Due to the growing geopolitical tensions, since February 2022, many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

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 2022 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 2021, 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.

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

Going concern basis. Even though, the Group made a profit of RR 16 495 million for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: RR 20 975 million) and as of that date, the Group's current liabilities exceeded its current assets by RR 43 036 million (31 December 2021: RR 43 578 million) and the Group's total assets exceeded its total liabilities by RR 2 369 million (31 December 2021: total liabilities exceeded its total assets by RR 13 333 million). In addition, the Group is highly leverage with equity levels that have been deteriorating over the last years.

Additionally to the pandemic of COVID-19 and the volatility of oil prices and the sharp depreciation of the Russian Ruble, in February-August 2022 economic situation in the Russian Federation was negatively affected by escalated military and political conflict related to Ukraine and the associated international sanctions against a number of Russian institutions, companies, banks and individuals, which may have negative impact on commodity and financial markets, and increased volatility, particularly with regard to foreign exchange rates and financial markets. There is an expectation of further sanctions and limitations on business activity of companies operating in respective regions, as well as consequences on the economy in general. Also the fact that the Russian central bank had significantly raised the key rate of interest as a preventive measure to stop the devaluation of the RUB, this could affect the liquidity position and the ability of the Group to repay its loan facilities.

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.

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 14, the Group recognized as part of its current liabilities, a provision with respect to an indemnity for the amount of RR 1 970 million. Based on discussions with the relevant stakeholders, management expects that the above amount will not become payable in the next 12 months.

- An amount of RR 2 406 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.

- Current bank loan payable in the amount of RR 11 124 million (Note 9) had the maturity date on August 2022. At the date of signing of these interim financial information the understanding was successfully reached on the restructuring loan. The new conditions provide for an extension of the maturity date to seven years at the rate of the CBRF +2.2%.

The Group's management is in constant dialogue with the banks and has a history of successful debt restructuring. Based on experience and its ongoing discussions with the main banks, management believes that if further deferrals are required, those will be provided by its banks.

Due to the escalation of the military-political conflict related to Ukraine, the global economy begins to decline and, in particular, the Group's revenue is expected to decline by no more than 15%.

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

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:

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.

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.

Interest rate benchmark reform. *Economically equivalent.* IBOR reform Phase 2 requires, as a practical expedient, for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate of interest, provided the transition from IBOR to an RFR takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform.

For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognised. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgement to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Factors of changes that are economically equivalent include: changing the reference rate from an IBOR to a RFR; changing the reset days between coupons to align with the RFR; adding a fallback to automatically transition to an RFR when the IBOR ceases; and adding a fixed credit spread adjustment based on that calculated by ISDA or which is implicit in the market forward rates for the RFR.

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.

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 2022

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

- 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:

Adopted by the European Union

- Amendment to IFRS 16 Leases COVID-19 -Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021).
- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2022).

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 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 9 Financial Instruments: Fees in the “10%” test for derecognition of financial liabilities (effective for annual reporting periods beginning on or after 1 January 2022).
- Amendments to IAS 12 Income Taxes (effective for annual reporting periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Polices (effective for annual reporting periods beginning on or after 1 January 2023).

6 Investment Property

In millions of RR	**2022**	**2021**
Total investment property at 1 January	**186 673**	**191 921**
Modification of land lease	(2)	-
Subsequent expenditure	14	112
Transfer from property, plant and equipment	232	-
Disposal of investment property (Note 21)	(953)	-
Fair value land lease adjustment	(4)	(14)
Fair value IP adjustment	657	(1 721)
Total investment property at 30 June	**186 617**	**190 298**

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 45 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.

6 Investment Property (Continued)

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

	30 June 2022		31 December 2021	
Property name	**Net rentable area (square meters)**	**Amount (in millions of RR)**	**Net rentable area (square meters)**	**Amount (in millions of RR)**
WHITE SQUARE - Lesnaya Str., 5, Butyrsky Val Str., 10	76 559	48 462	76 559	48 462
LeFORT - Elektrozavodskaya Str., 27, bldg. 1, 1A, 2, 3, 3A, 3D, 4-11	55 344	9 382	55 344	9 382
KRUGOZOR - Obrucheva Str., 30/1, bldg. 1-3	51 005	10 389	51 005	10 389
VIVALDI PLAZA - Letnikovskaya Str., 2, bldg. 1-3	48 289	22 058	48 289	22 058
SILVER CITY - Serebryanicheskaya Emb., 29	41 909	13 434	41 909	13 434
LEGENDA TSVETNOGO - Tsvetnoy Boulevard, 2	40 064	20 415	40 064	20 415
WHITE STONE (formerly "LESNAYA PLAZA) - 4th Lesnoy Lane, bldg. 4	39 739	14 650	39 739	14 650
STANISLAVSKY FACTORY - Stanislavskogo Str. 21, bldg. 1-3, 5, 16-20	34 571	11 258	34 571	11 258
DUCAT III - Gasheka Str., 6	33 574	18 456	33 574	18 456
LIGHTHOUSE - Valovaya Str., 26	27 432	11 939	27 432	11 939
ICUBE - Nakhimovsky Prospect, 58	19 131	5 110	19 131	5 110
KUTUZOV - Vasilisy Kozhinoy Str., 25	-	-	under development	968
Total fair value of property per valuation reports	**467 617**	**185 553**	**467 617**	**186 521**
Less: Reclassification of owner occupied premises in LIGHTHOUSE		-		(1 031)
Total investment property at fair value		**185 553**		**185 490**
Add: Land lease accounted for separately (Note 9)		1 486		1 490
Less: Straight line adjustment on rental income accounted for separately within trade and other receivables (Note 8)		(422)		(307)
Total carrying value of investment property		**186 617**		**186 673**

At 31 December 2021 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.

6 Investment Property (Continued)

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. "

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:

In millions of RR	**30 June 2022**	**31 December 2021**
- not later than one year	15 147	17 519
- later than 1 year and not later than 5 years	29 180	32 603
- later than 5 years	483	1 666
Total future rental income	**44 810**	**51 788**

7 Loans Issued

In millions of RR	**30 June 2022**	**31 December 2021**
Loans issued - due in more than 12 months	9 625	13 580
Loans issued - current portion	1 334	1 277
Total loans issued	**10 959**	**14 857**
Loans issued to other companies	10 959	14 857
Total loans issued	**10 959**	**14 857**

At 30 June 2022 the Group had one unrelated counterparty (31 December 2021: 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 2022 were not secured, bore fixed interest at rates from 4% to 9% (31 December 2021: from 4% to 9%) per annum and amounted to RR 4 061 million (31 December 2021: RR 6 665 million).

At 30 June 2022 and 31 December 2021 loans other than described above were not secured, were denominated mostly in RR, had maturity dates from October 2022 to April 2026 (31 December 2021: from February 2022 to April 2026) and weighted average rate as at 30 June 2022 was 4.20%.

7 Loans Issued (Continued)

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 3 259 million was set off against the corresponding third party bank loan (31 December 2021: RR 3 283 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 2022 the loss allowance per IFRS 9 relating to the loans issued was RR 13 853 million with corresponding reversal in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income of RR 4 418 million for the period ended 30 June 2022.

At 31 December 2021 the loss allowance per IFRS 9 relating to the loans issued was RR 18 271 million. Reversal in loss allowance in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income was of RR 478 million for the period ended 30 June 2021.

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

In millions of RR	**30 June 2022**	**31 December 2021**
Non-current receivables		
Prepayments and deferred expenses	340	334
Receivables for sale of subsidiaries (Note 20)	215	218
Current receivables		
Prepayments and deferred expenses	500	520
Rent receivable	1094	385
Current income tax prepayments	524	333
Straight-line adjustment on rental income (Note 6)	422	307
Receivables for sale of subsidiaries	120	122
VAT receivable	28	54
Other receivables	128	262
Total trade and other receivables	**3 371**	**2 535**

At 30 June 2022 the loss allowance per IFRS 9 relating to the trade and other receivables was RR 1 035 million with corresponding reversal in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income of RR 163 million for the six-month period ended 30 June 2022.

At 31 December 2021 the loss allowance per IFRS 9 relating to the trade and other receivables was RR 1 197 million. Charge in loss allowance in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income was of RR 71 million for the six-month period ended 30 June 2021.

Receivables for sale of subsidiaries of RR 215 million were classified as long term at 30 June 2022 due to management expectations regarding maturity of those receivables.

9 Borrowings

In millions of RR	**30 June 2022**	**31 December 2021**
Non-current borrowings		
Loans from banks	113 295	122 893
MOEX EUR bonds	19 515	30 151
Eurobonds	11 861	10 537
MOEX Rouble bonds	2 182	2 114
Loans from other companies and individuals	1 553	2 007
Lease liabilities (Notes 6)	1 337	1 340
Total non-current borrowings	**149 743**	**169 042**
Current borrowings		
Loans from banks	37 464	34 128
MOEX Rouble bonds	67	67
MOEX EUR bonds	162	252
Eurobonds	1 513	974
Loans from other companies and individuals	-	1 585
Loans from related parties (Notes 20)	58	-
Lease liabilities (Notes 6)	149	150
Total current borrowings	**39 413**	**37 156**
Total borrowings	**189 156**	**206 198**

The amounts above include unamortised loan origination costs of RR 1 147 million (31 December 2021: RR 1 297 million), notional principal amount of RR 176 070 million (31 December 2021: RR 197 389 million) and interest accruals of RR 12 746 million (31 December 2021: RR 8 616 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 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.

At the date of coupon payment in March 2022 the Group had got a sufficient cash at bank. At the same time the Group postponed coupon payment on Eurobonds due to sanctions imposed on VTB Bank and Sberbank of Russia and its subsidiaries outside of Russia where the Group had settlement accounts of Issuer (O1 Properties Finance PLC) and Parent Guarantor (O1 Properties Limited). According to Eurobonds terms and conditions and confirmation received from the issuance agent, BNY Mellon, the Issuer or Parent Guarantor should settle the coupon payment only in USD and not in any other currency. The Group is currently looking for opening such bank accounts to settle the existing obligation.

As at the payment dates in March and June 2022 under a third party bank loan, the Group had sufficient cash in the bank. At the same time the Group postponed these interest service payments due to sanctions imposed on bank where the Group had settlement accounts. The Group is currently looking for opportunities to settle the existing obligation.

9 Borrowings (Continued)

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 3 320 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 2 668 million (Note 11 and 20).

In 2021 and 2022, due to negative impact of COVID-19 on real estate market and the growing geopolitical tensions in the world, 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;
- Converting debt into RR.

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 2022 and 31 December 2021.

9 Borrowings (Continued)

The detailed information on borrowings at 30 June 2022 is presented below:

In millions of RR	Contractual interest rate, % per annum	Maturity (years)	Carrying amount
Secured on investment property and investment property under construction	CBR Key Rate + 2 - 6%	less than 1	11 124
	3 months EURIBOR + 3%	less than 1	11 313
	CBR Key Rate + 2.1 - 3.8%	1-4	100 752
	9.8-11%	1	15 396
	3 months EURIBOR + 4.3%	2	6 589
	CBR Key Rate + 2.35%	6	5 585
Unsecured facility of the Group	1%-7.0%	less than 1	58
	2.1% - 9.0%	1-4	22 997
	CBR Key Rate + 3.05 - 5.0%	4-6	482
	0.5%	6	13 374
Lease liabilities (Note 6)			1 486
Total borrowings			**189 156**

The detailed information on borrowings at 31 December 2021 is presented below:

In millions of RR	Contractual interest rate, % per annum	Maturity (years)	Carrying amount
Secured on investment property and investment property under construction	CBR Key Rate + 2 – 6%	less than 1	11 166
	3 months EURIBOR + 3%	less than 1	17 527
	CBR Key Rate + 2.1 – 3.8%	1-4	96 736
	9.8-11%	1-2	15 509
	3 months EURIBOR + 4.3%	3	10 458
	CBR Key Rate + 2.35%	over 5	5 467
Unsecured facility of the Group	1%-7.0%	less than 1	83
	2.1% - 9.0%	1-4	35 453
	CBR Key Rate + 3.05 – 5.0%	1-4	797
	0.5%	over 5	11 512
Lease liabilities (Note 6)			1 490
Total borrowings			**206 198**

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:

In millions of RR	30 June 2022	31 December 2021
Minimum lease payments:		
- not later than one year	155	155
- later than 1 year and not later than 5 years	621	621
- later than 5 years	4 416	4 494
Total minimum lease payments	**5 192**	**5 270**
Less future finance charges	(3 706)	(3 781)
Present value of minimum lease payments	**1 486**	**1 489**

At 30 June 2022 the interest rate implicit in the leases was 10.7% (31 December 2021: 10.65%). The fair value of borrowings is disclosed in Note 19.

10 Provisions

At 30 June 2022, the Group and O1 Group Limited have provided an indemnity to one non-controlling shareholder of the Company, regarding losses that might arise from each of the guarantees provided by the Group (Refer to Note 11). At 30 June 2022 this indemnity liability was acknowledged in the amount RR 1 970 million (31 December 2021: RR 2 860). The amount of the indemnity was determined as the percentage of the losses from the guarantee that corresponded to its shareholding 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 Limited, 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 Riverstrech 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 6 300 million. As at 30 June 2022 the above syndicated facility included RR 5 988 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 3 320 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 2022 the Group guarantees liabilities of its previous joint venture in the amount of USD 20 088 thousand (equivalent RR 1 028 million translated using the six month period 2022 closing rate) (31 December 2021: 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 513 million translated using the six month period 2022 closing rate) (31 December 2021: 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 515 million translated using the six-month period 2022 closing rate) (31 December 2021: USD 10 064 thousand). The Company is in the process of negotiation to release this guarantee.

At 30 June 2022 the loss allowance per IFRS 9 relating to these financial guarantees liabilities described above (other than related to mezzanine loan) was RR 3 million with corresponding reversal in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income of RR 1 million for the period ended 30 June 2022. Refer to Note 17.

At 31 December 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. During the six months 2021 the amount of RR nil million was recognised as loss allowance.

12 Trade and Other Payables and Other Liabilities

In millions of RR	30 June 2022	31 December 2021
VAT and taxes payables other than on income	1 929	1 211
Payables for financial instruments (Note 18)	927	-
Payables to third parties	800	1 236
Current income tax liability	271	753
Dividends payable (Note 20)	81	117
Payables for professional fees	52	105
Payables for management of properties	80	86
Payables for investment property expenses	4	-
Prepayment from tenant for fit-out	-	79
Accrued employees compensation	-	59
Other	235	239
Total trade and other payables and other liabilities	**4 379**	**3 885**

13 Share Capital and Share Premium

Share capital issued and fully paid comprises:

In millions of RR	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 2022 and 2021 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 2022 and for the year ended 31 December 2021.

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 2022 and 2021:

In millions of RR	For the six months ended 30 June **2022**	**2021**
White Square	2 383	1 870
Vivaldi Plaza	1 028	949
Legenda Tsvetnogo	770	799
Ducat III	592	676
White Stone	636	581
Silver City	517	465
Krugozor	658	424
Stanislavsky Factory	352	336
Lighthouse	463	283
LeFort	171	214
Icube	144	144
Other	85	112
Total net rental income	**7 799**	**6 853**

The operating expenses for the six months ended 30 June 2022 and 2021:

In millions of RR	For the six months ended 30 June **2022**	**2021**
Property tax	638	529
Property management fees	453	651
Cleaning and utilities	463	438
Security	149	60
Repairs and maintenance	22	23
Insurance	19	20
Other	52	50
Total operating expenses of investment property	**1 796**	**1 771**

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

In millions of RR	For the six months ended 30 June 2022	2021
Employees compensation	239	285
Social contributions	47	48
Professional services	44	212
Travel	27	15
Depreciation of property, plant and equipment	20	28
Own premises related expenses	9	28
Marketing and advertising	7	27
Bank fees	6	7
Information services	4	6
Taxes other than income	-	1
Total general and administrative expenses	**403**	**657**

In millions of RR	For the six months ended 30 June 2022	2021
Leasing commissions	76	72
Professional services	20	15
Fines	1	11
Other	22	25
Total other operating expenses	**119**	**123**

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

16 Finance Income and Finance Costs

	For the six months ended 30 June	
In millions of RR	**2022**	**2021**
Gain from financial liability extinguishment (Note 9)	-	19 573
Interest income on loans	706	849
Net gain from derivatives (Note 18)	1 017	377
Interest income on deposits	4	5
Total finance income	**1 727**	**20 804**
Interest expense on borrowings (excluding lease liability)	(12 789)	(6 829)
Net loss on revaluation of other investments	(2)	(231)
Interest expense on accretion of interest on tenants deposits	(87)	(198)
Charge on lease liabilities	(74)	(84)
Total finance costs	**(12 952)**	**(7 342)**

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.

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 2021.

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:

In millions of RR **30 June 2022**	**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	3 605	(36)	3 569
Loans issued	7	N/A	in default	Lifetime ECL (not credit impaired)	21 206	(13 816)	7 390
Trade and other receivables	8	N/A	in default	Lifetime ECL (credit impaired)	418	(418)	-
Trade and other receivables	8	N/A	(**)	Lifetime ECL (simplified approach)	3 419	(263)	3 156
Receivables from sale of subsidiaries	8	N/A	in default	Lifetime ECL (not credit impaired)	569	(354)	215
Deposits in banks		N/A	Performing	12-month ECL	2	-	2

Cash and Cash Equivalents are not included in credit risk because they treated as current with a maturity of up to 12 months.

Guarantees issued:

In millions of RR **30 June 2022**	**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	515	(3)

The detailed information at 31 December 2021 is presented below:

In millions of RR **31 December 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	4 959	(50)	4 909
Loans issued	7	N/A	in default	Lifetime ECL (not credit impaired)	28 169	(18 221)	9 948
Trade and other receivables	8	N/A	in default	Lifetime ECL (credit impaired)	600	(600)	-
Trade and other receivables	8	N/A	(**)	Lifetime ECL (simplified approach)	2 555	(238)	2 317
Receivables from sale of subsidiaries	8	N/A	in default	Lifetime ECL (not credit impaired)	577	(359)	218
Deposits in banks		N/A	Performing	12-mounth ECL	3	-	3

Guarantees issued:

In millions of RR **31 December 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	1 072	(4)

* 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%

17 Financial Risk Management (Continued)

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

In millions of RR	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 2022	**50**	**18 221**	**359**	**238**	**600**	**4**	**19 471**
Increase/decrease in loss allowance recognised in the period	(14)	1 894	159	25	8	-	2 072
Currency exchange difference	-	(6 298)	(164)	-	(190)	(1)	(6 653)
Balance as at 30 June 2022	**36**	**13 816**	**354**	**263**	**418**	**3**	**14 890**

The detailed information for the six months 2021 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	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	-	(109)
Currency exchange difference	-	(278)	(5)	-	(15)	-	(298)
Balance as at 30 June 2021	**48**	**13 447**	**274**	**257**	**699**	**4**	**14 729**

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 this condensed consolidated interim financial information, there are:

- a court proceedings in Cyprus brought by certain financial institutions against the previous shareholders of the Company and the Company in relation to transactions entered into by the previous majority shareholders of the Company. As those proceedings are still at the initial stages their impact, the Group cannot presently be assessed;
- a court proceeding in Russia brought by the Group's subsidiary against Russian Tax Authority on invalidating the latter's decision on charging additional income tax and penalties in the amount RR 1.2 billion. The order of court of first instance, supporting Tax Authority's position, has not come into force and will be challenged by the Group in the court of appeal. As the specified proceeding is still at the initial stage, its impact, if any, for the Company and the Group cannot presently be assessed.

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 incompliant 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.

18 Contingencies, Commitments and Operating Risks (Continued)

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.

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 2022 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.

18 Contingencies, Commitments and Operating Risks (Continued)

In addition to the above matters, management estimates that at 30 June 2022 the Group had possible obligations from exposures to other than remote tax risks of approximately up to RR 1 151 million (31 December 2021: approximately up to RR 1 151 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 2022 the Group has no contractual capital expenditure commitments due to the disposal of subsidiaries (31 December 2021: RR 414 million).

Assets pledged and restricted. At 30 June 2022 investment properties with a fair value of RR 185 553 million and related land lease and lease proceeds were pledged in relation to borrowings (Notes 6, and 9). Owner occupied premises with a fair value of RR 1 031 was transfer to investment properties due to the sale of subsidiaries (Note 21) (31 December 2021: investment properties with a fair value of RR 185 490 million and owner occupied premises of RR 1 031 million). Also refer to Note 1 for the information on shares of subsidiaries of the Group pledged.

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 2022 all payments were done in an appropriate time and such bank restrictions were not applicable.

At 30 June 2022 a residential property in the amount of RR 746 million was disposed due to the sale of subsidiaries. At 31 December 2021 a residential property in the amount RR 670 million was pledged in relation to borrowings (Note 9).

All shares in Ratado Holding Limited (a holding company for subsidiaries of the Group which owns Vivaldi, Lighthouse, Silver City, Ducat III, Legenda Tsvetnogo, White Square and White Stone properties (Note 1)) were pledged as securities in relation to a facility of Ratado Holding Limited in amount of RR 7 719 million (Note 1). This facility is also secured by the guarantee of the Company. Also refer to Note 1 for the information on shares of subsidiaries of the Group pledged and Note 11 for information on the guarantee.

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 2022 and 31 December 2021 the Group was in compliance or had waiver with main covenants.

Share based payments to employees. As at 30 June 2022 and 31 December 2021 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.

18 Contingencies, Commitments and Operating Risks (Continued)

At 30 June 2022 the Group had interest rate swap contracts with a total notional amount of RR 6 940 million (31 December 2021: RR 7 001 million). At 30 June 2022 the negative fair value of these contracts was RR 19 million (31 December 2021: RR 30 million).

In November 2020 interest rate cap contracts were novated in a new agreements with a total notional amount of RR 10 731 million (EUR 209 million) at 30 June 2022 (31 December 2021: RR 17 031 million) whereby the Group fixes the highest level of the floating part of the interest rate. At 30 June 2022 the positive fair value of these contracts was RR 3 million (31 December 2021: RR 1 million).

In April 2022 the Group terminated a currency swap contract with a total notional amount of RR 10 070 million as at 31 March 2021. The agreed termination amount RR 927 million was transferred to payables for financial instruments (Notes 12).

At 30 June 2022 and 31 December 2021 the Group had two currency swap contracts with a total notional amount of RR 9 494 million (EUR 105 million) and RR 7 859 million (EUR 87 million) whereby the Group was paying fixed interest rate in EUR in exchange for fixed interest rate in RR. The management believes that at the reporting date and subsequently there is a material uncertainty with the currency exchange rate due to sanctions and current economic environment, therefore the management used the conservative benchmarks in assessing the fair values of currency swap contract at the reporting date.

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.

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 2022:

In millions of RR	Valuation technique	Inputs used	Range of inputs	Reasonable change (% of input)	Sensitivity of fair value measurement	Fair value
Yielding Investment property	Discounted Cash Flow Technique	Discount rates	10.0 - 11.0%	+10 % -10 %	(9 110) 9 764	185 553
		Estimated rental value	18 000 - 41 000 RR/sq.m.	+10 % -10 %	13 220 (13 640)	
		Exit capitalization rates	8.25 - 9.0%	+10 % -10 %	(9 497) 11 607	
Total fair value of investment property per valuation reports at 30 June 2022 (Note 6)						**185 553**

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 2021:

In millions of RR	Valuation technique	Inputs used	Range of inputs	Reaso-nable change (% of input)	Sensitivity of fair value measu-rement	Fair value
Yielding Investment property	Discounted Cash Flow Technique	Discount rates	10.0 - 11.0%	+10 % -10 %	(9 110) 9 764	185 553
		Estimated rental value	18 000 - 41 000 RR/sq.m.	+10 % -10 %	13 220 (13 640)	
		Exit capitalization rates	8.25 - 9.0%	+10 % -10 %	(10 464) 10 639	
Investment property under development	Discounted Cash Flow Technique	Discount rates	15.5%	+10 % -10 %	(51) 54	968
		Estimated rental value/ Expected sq.m price	486 183 RR/sq.m.	+10 % -10 %	291 (322)	
		Exit capitalization rates	n/a	+10 % -10 %	- -	
Total fair value of investment property per valuation reports at 31 December 2021 (Note 6)						**186 521**

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 2022 and 2021 there were no reclassifications from or into Level 3 measurements.

19 Fair Value (Continued)

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 2022 from 2.25% p.a. to 10.0% p.a. (2021: from 2.25% p.a. to 16.65% 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 0.5% 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 2022 and 31 December 2021 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.

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

	30 June 2022		31 December 2021	
In millions of RR	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
Financial assets				
Loans issued (Level 3)	10 941	10 959	14 864	14 857
Other investments (Level 3)	7	7	4	4
Trade and other receivables (Level 3)	2 949	2 949	2 228	2 228
Cash and cash equivalents (Level 2)	1 604	1 604	1 881	1 881
Financial liabilities				
Loans from banks (Level 3)	(146 290)	(150 760)	(155 349)	(157 030)
Loans from other companies and individuals (Level 3)	(1 428)	(1 554)	(3 429)	(3 592)
MOEX EUR bonds (Level 3)	(19 675)	(19 675)	(30 403)	(30 403)
MOEX Rouble bonds (Level 3)	(2 250)	(2 250)	(2 181)	(2 181)
Eurobonds (Level 3)	(13 374)	(13 374)	(11 512)	(11 512)
Lease liabilities (Level 3)	(1 486)	(1 486)	(1 490)	(1 490)
Tenant deposits (Level 3)	(1 712)	(1 712)	(2 709)	(2 709)
Trade and other payables (Level 3)	(2 450)	(2 450)	(2 615)	(2 615)

20 Related Party Transactions

For the purposes of these condensed consolidated interim financial information, 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:

	30 June 2022		31 December 2021	
In millions of RR	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)	-	215	-	218
Borrowings (Note 9)	(2 668)	(58)	(2 558)	-
Dividends (Note 12)	(11)	(70)	(16)	(101)

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

	2022	For the six months ended 30 June 2021
In millions of RR	Key management personnel	Key management personnel
Salaries and bonuses	(30)	(38)
Social contribution	(3)	(12)
Interest expenses	-	(3)

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 RR and USD bonds guaranteed by the Company.

21 Acquisitions and Disposals

Merger of subsidiaries. During the six months ended 30 June 2022 the Group merged a number of subsidiaries (Argam Limited, Mokati Limited and Mooncrown Limited) with other Group's subsidiaries which have no material impact on its consolidated financial statements.

During the year ended 31 December 2021 the Group merged a number of subsidiaries (Narvi Finance Limited, Goldstyle Holdings Limited, Meteolook Investments Limited, Minesign Limited, Wallasey Limited) with other Group's subsidiaries which have no material impact on its consolidated financial statements.

Acquisition and disposal of subsidiaries. In January 2022, the Group acquired 100% interest in a subsidiary JSC Taurida (Russia).

In November 2021 the Group acquired a number of subsidiaries (Terra JSC, Calypso JSC, Aquamarine JSC, Alfa JSC, Unia JSC, Hellios JSC). During the year ended 31 December 2021 the total net gain from these transactions was RR 9 million.

21 Acquisitions and Disposals (Continued)

Liquidation of subsidiaries. During the six months ended 30 June 2022 the Group liquidated a number of minor subsidiaries (Terra JSC, Aquamarine JSC, Alfa JSC, Unia JSC, Hellios JSC) which do not have a material impact on its consolidated financial statements. During the six months ended 30 June 2022 the net gain from these liquidations, was RR nil.

During the year ended 31 December 2021 the Group liquidated a number of minor subsidiaries (Gasheka Realty Limited Liability Company, Vivaldi Plaza Finance Sarl) which do not have a material impact on its consolidated financial statements. During the year ended 31 December 2021 the net gain from this liquidation, was RR nil million.

Disposal of Nevis. In December 2021 Nevis was disposed of due to the bankruptcy of Semela Limited, the company owned business center.

The details of the assets and liabilities disposed and financial result arising were as follows:

In million of RR	**Carrying amount**
Investment property	2 369
Borrowings	(4 168)
Land lease liability	(60)
Deferred tax liability	(172)
Carrying value of identifiable net assets of subsidiaries disposed	**(2 031)**
Result on disposal	**106**
Net gain from disposal	**106**
Total sale consideration	**-**
Less: Non-cash consideration	2 137
Inflow of cash and cash equivalents on disposal	**2 137**

Non-cash consideration represents a previously accrued provision in the amount of RR 2 137 million in relation to probable obligations resulting from litigation against a subsidiary Semela Limited (Note 1 and 14), which is equal to the net assets value of Semela Limited (Note 14). Upon disposal of the business center Nevis, the reversal of the provision in the amount of RR 2 137 million was offset against the result on disposal of Semela Limited.

21 Acquisitions and Disposals (Continued)

Disposal of Greendale. In July 2021 the Group sold its 100% interest in Firma "MORAVA" LLC (Russia) which owns the Greendale project in Moscow (Note 6) and 97% interest in CJSC ALMOS (Russia) with the simultaneous repayment of the bank financing.

The details of the assets and liabilities disposed and financial result arising were as follows:

In millions of RR	*Almos*	*Morava*	**Carrying amount**
Cash and cash equivalents	5	-	5
VAT recoverable	-	1	1
Trade and other receivables	26	-	26
Investment property	44	1 325	1 369
Borrowings	-	(1 156)	(1 156)
Land lease liability	(44)	-	(44)
Trade and other payables	(2)	(71)	(73)
Carrying value of identifiable net assets of subsidiaries disposed			**128**
Result on disposal			**18**
Net gain from disposal			**18**
Total sale consideration			**146**
Less: Cash and cash equivalents of subsidiary disposed			(5)
Inflow of cash and cash equivalents on disposal			**141**

22 Subsequent Events

In July 2022, Calypso JSC was liquidated.

Refer to Note 2 for the information on significant changes in foreign currency exchange rates during 2022.

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