

Public Joint Stock Company “PIK-specialized homebuilder”

**Consolidated Interim Condensed
Financial Statements
as at and for the six-month period ended
30 June 2021**

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Consolidated Interim Condensed Statement of Financial Position as at 30 June 2021

mln RUB	Note	<u>30 June 2021</u>	<u>31 December 2020</u>
ASSETS			
Non-current assets			
Property, plant and equipment	12	39,206	35,546
Intangible assets and goodwill	13	14,569	14,033
Investment property	14	7,437	6,880
Equity-accounted investees		220	8
Other investments		232	218
Accounts receivable, including contract assets	16	271	663
Financial instruments measured at fair value through profit and loss	20	91,157	34,378
Deferred tax assets		8,211	4,747
Total non-current assets		<u>161,303</u>	<u>96,473</u>
Current assets			
Inventories	15	360,750	306,990
Other investments		2,924	454
Current income tax assets		3,583	1,785
Accounts receivable, including contract assets	16	225,695	145,341
Cash and cash equivalents	19	52,918	96,527
Other current assets		2,099	1,238
Total current assets		<u>647,969</u>	<u>552,335</u>
Total assets		<u>809,272</u>	<u>648,808</u>

Consolidated Interim Condensed Statement of Financial Position as at 30 June 2021

mln RUB	Note	<u>30 June 2021</u>	<u>31 December 2020</u>
EQUITY AND LIABILITIES			
Equity	21		
Share capital		41,295	41,295
Additional paid-in capital		(8,470)	(8,470)
Translation reserve		2	-
Retained earnings		186,379	147,343
Total equity attributable to owners of the Company		<u>219,206</u>	<u>180,168</u>
Non-controlling interests	24	2,485	2,143
Total equity		<u>221,691</u>	<u>182,311</u>
Non-current liabilities			
Loans and borrowings	23	233,463	197,329
Accounts payable	22	13,558	7,450
Liabilities from long-term lease contracts	17	8,979	10,210
Provisions	26	187	153
Deferred tax liabilities		42,810	33,813
Total non-current liabilities		<u>298,997</u>	<u>248,955</u>
Current liabilities			
Loans and borrowings	23	104,022	34,766
Accounts payable, including contract liabilities	22	146,410	145,263
Liabilities from long-term lease contracts	17	5,811	3,753
Provisions	26	28,313	27,341
Current income tax liabilities		4,028	6,419
Total current liabilities		<u>288,584</u>	<u>217,542</u>
Total liabilities		<u>587,581</u>	<u>466,497</u>
Total equity and liabilities		<u>809,272</u>	<u>648,808</u>

These consolidated interim condensed financial statements were approved by the Board of Directors on 27 August 2021 and were signed on its behalf by:

S. E. Gordeev
CEO

E. S. Smakovskaya
Vice-President for Economics and Finance
– Financial Director

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six-month period ended 30 June 2021

mln RUB	Note	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Revenue	7	189,279	138,529
Cost of sales		(143,262)	(103,653)
Gross profit		46,017	34,876
Net gain on disposal of subsidiaries, associates and investment property		66	10
Distribution expenses		(2,714)	(3,604)
Administrative expenses	9	(7,225)	(6,284)
Profit from change in fair value of investment property	14	606	-
Impairment losses on non-financial assets, net	18	(163)	(116)
Other expenses, net	10	(1,534)	(1,309)
Profit from operating activities		35,053	23,573
Finance income	8	57,994	5,300
Finance costs	8	(6,809)	(3,149)
Significant financing component from contracts with customers	8	(1,533)	(1,870)
Profit from financing activities		49,652	281
Share in profit/(losses) of equity-accounted investees, net of income tax		4	(114)
Profit before income tax		84,709	23,740
Income tax expense	11	(15,286)	(5,754)
Profit for the reporting period		69,423	17,986
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		2	-
Other comprehensive income for the reporting period		2	-
Total comprehensive income for the reporting period		69,425	17,986
<i>Attributable to:</i>			
Shareholders of the Company		69,083	18,201
Non-controlling interests	24	342	(215)
Total comprehensive income for the reporting period		69,425	17,986
Basic and diluted profit per share, RUB	21 (b)	104.59	27.56

Consolidated Interim Condensed Statement of Changes in Equity for the six-month period ended 30 June 2021

mln RUB	Note	Equity attributable to owners of the Company			Non-controlling interests	Total equity
		Share capital	Additional paid-in-capital	Retained earnings		
Balance as at 1 January 2020		41,295	(8,470)	75,962	1,501	110,288
Profit for the reporting period		-	-	18,201	(215)	17,986
Total comprehensive income for the reporting period		-	-	18,201	(215)	17,986
Transactions with owners of the Company						
Decrease of non-controlling interests due to restructuring of subsidiaries	24	-	-	-	(70)	(70)
Total transactions with owners of the Company		-	-	-	(70)	(70)
Balance at 30 June 2020		41,295	(8,470)	94,163	1,216	128,204

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 10 to 39.

Consolidated Interim Condensed Statement of Changes in Equity for the six-month period ended 30 June 2021

mln RUB	Note	Equity attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Additional paid-in-capital	Translation reserve*	Retained earnings			
Balance as at 1 January 2021		41,295	(8,470)	-	147,343	180,168	2,143	182,311
Profit for the reporting period		-	-	-	69,081	69,081	342	69,423
Other comprehensive income								
Foreign currency translation differences for foreign operations*		-	-	2	-	2	-	2
Other comprehensive income for the reporting period		-	-	2	-	2	-	2
Total comprehensive income for the reporting period		-	-	2	69,081	69,083	342	69,425
Transactions with owners of the Company								
Dividends	21 (a)	-	-	-	(30,045)	(30,045)	-	(30,045)
Total transactions with owners of the Company		-	-	-	(30,045)	(30,045)	-	(30,045)
Balance at 30 June 2021		41,295	(8,470)	2	186,379	219,206	2,485	221,691

*Assets and liabilities of subsidiaries, including goodwill and fair value adjustments on acquisition, are translated to RUB at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated to RUB at exchange rates at the dates of transactions. Foreign exchange gains are recognised in other comprehensive income and are presented as part of equity in the translation reserve item when translated from other currencies.

Consolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2021

mln RUB	Note	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Cash flows from operating activities			
Profit for the reporting period		69,423	17,986
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and amortisation of intangible assets	12,13	2,285	1,721
Impairment losses on non-financial assets, net	18	163	116
Loss from disposal of property, plant and equipment, intangible assets and other assets	10	692	423
Profit from change in fair value of investment property	14	(606)	-
Net gain on disposal of subsidiaries, associates and investment property		(66)	(10)
Share in (profit)/losses of equity-accounted investees, net of income tax		(4)	114
Finance income	8	(57,994)	(5,300)
Finance costs	8	6,809	3,149
Income tax expense	11	15,286	5,754
		35,988	23,953
Changes in:			
Inventories and other current assets		(49,639)	(19,343)
Accounts receivable, including contract assets		(86,934)	(23,549)
Accounts payable, including contract liabilities and changes in provision for taxes, other than income tax		6,961	(2,616)
Provisions		317	4,611
		(93,307)	(16,944)
Cash flows used in operations before income taxes and interest*			
Income taxes paid		(13,775)	(2,485)
Interest paid		(6,397)	(4,244)
		(113,479)	(23,673)

* Cash flows from operating activities do not include funds placed on escrow accounts in authorised banks by account holders (real estate customers) as a consideration paid under share participation agreements in the amount of RUB 81,810 million (in the six months ended 30 June 2020: RUB 20,139 million).

Consolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2021

mln RUB	Note	<u>Six-month period ended 30 June 2021</u>	<u>Six-month period ended 30 June 2020</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		91	34
Interest received		1,721	1,707
Acquisition of property, plant and equipment and other intangible assets		(4,416)	(976)
Acquisition of subsidiaries, net of cash acquired		-	163
Acquisition of equity-accounted investees, including advances issued for acquisition of investees		(341)	-
Proceeds from disposal of associates and subsidiaries, net of cash		757	1,964
Proceeds from disposal of investment property and refund of prepayments received for the sale of investment property		(4,796)	66
Loans issued		(2,668)	(219)
Repayment of loans issued		271	20
Net cash (used in)/from investing activities		<u>(9,381)</u>	<u>2,759</u>
Cash flows from financing activities			
Payments for cash-settled financial instruments	20	(860)	(1,287)
Payments for lease liabilities		(2,655)	(1,238)
Proceeds from borrowings		150,518	64,645
Repayment of borrowings		(26,600)	(23,725)
Proceeds from issuance of bonds		-	15
Repurchase of bonds		(11,040)	(5,660)
Acquisition of non-controlling interests without change in control		(50)	-
Payment of dividends	21 (a)	(30,039)	-
Net cash from financing activities		<u>79,274</u>	<u>32,750</u>
Net (decrease)/increase in cash and cash equivalents		(43,586)	11,836
Effect of exchange rate fluctuations on cash and cash equivalents		(23)	7
Cash and cash equivalents at the beginning of the period		96,527	66,208
Cash and cash equivalents at the end of the period		<u>52,918</u>	<u>78,051</u>

Information on offset of operating and financing operations is presented in note 19.

Notes to the Consolidated Interim Condensed Financial Statements as at and for the six-month period ended 30 June 2021

1 General information

(a) Organisation and operations

Public Joint Stock Company “PIK-specialized homebuilder” (the “Company”) and its subsidiaries (together referred to as the “Group”) comprise closed and open joint stock companies and limited liability companies incorporated under requirements of the Civil Law of the Russian Federation and entities registered in Cyprus, the Philippines and the Netherlands. The Company was established as a privately owned enterprise in 1994. The Company’s shares are traded on the Moscow Exchange.

The Company’s registered office is 19 Barrikadnaya Str., Moscow, 123242, Russian Federation.

The primary activities of the Group are investing in development projects for construction of residential buildings and areas, sales of real estate properties; construction services; production of construction materials, including concrete panels, window frames and other construction elements, consumed mostly by the Group internally, heating supply, maintenance and servicing apartment buildings. In 2021 and 2020 the Group primarily operated in Moscow, Moscow region and other regions of Russia.

As at 30 June 2021 and 31 December 2020 the Company is ultimately controlled by Mr. Sergey E. Gordeev.

(b) Business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by companies operating in the Russian Federation.

Starting in 2020, the new coronavirus COVID-19 began to spread rapidly around the world. In March 2020, the World Health Organization (WHO) announced the start of a pandemic. As at 30 June 2021, the uncertainty of the impact of the pandemic remains, however, management has reasonable expectations that the Group has the necessary resources to continue operations for at least the next 12 months and beyond in the foreseeable future, and that the assumption that the Group will continue to operate as a going concern remains reasonable.

The presented consolidated interim condensed financial statements reflect management's assessment of the Russian Federation’s business environment, as well as the impact on the operations and financial position of the Group of events related to the development of the coronavirus pandemic and related measures taken by the Russian government to constrain the further spread of the pandemic and mitigate its impact on the economy and the population. The actual impact of future business conditions may differ from management's estimates. Management reviewed current events and conditions that may cause significant uncertainty in relation to the Group’s ability to continue as a going concern and concluded that there is no material uncertainty that could cast significant doubt on the Group’s ability to continue as a going concern.

2 Basis of preparation of the Consolidated Interim Condensed Financial Statements

(a) Statement of compliance with International Financial Reporting Standards

These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”, issued by the International Accounting Standards Board. These consolidated interim condensed financial statements do not include all

the information required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2020.

(b) Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRSs requires management to make professional judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim condensed financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty do not differ significantly from those used in preparing the consolidated financial statements as at and for the year ended 31 December 2020.

3 Significant accounting policies

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020.

(a) New standards not yet adopted

A number of new Standards, amendments to Standards are not effective for the six-month reporting period ended 30 June 2021 and have not been applied in preparing these consolidated interim condensed financial statements. The Group plans to adopt these pronouncements when they become effective. These changes are not expected to have a significant impact on the Group’s financial position or results of operations.

4 Operating segments

Until 31 December 2020, the Group’s management analysed its activities in six reporting segments: Development, Commercial Construction, Maintenance, Industrial Segment, Proptech, Other.

According to the Group’s strategic growth directions, management structure and reporting in the six months ended 30 June 2021, management reconsidered the composition of reportable segments, analysed regularly. Comparative information for the first half of 2020 is presented in accordance with the updated composition of reportable segments.

As at 30 June 2021, the Group reported five reporting segments which are its strategic business units:

- Development and construction: development of residential and commercial real estate and provision of construction services.
- Maintenance: maintenance and management of residential buildings and other properties, technical maintenance of utility systems and rendering heat, water and electricity supply services, provision of Internet services.
- Industrial Segment: production and assembly of prefabricated panel buildings and other related activities, including production of construction materials and components, production and sale of IoT-devices.
- Proptech: rent of apartment services, purchase and sale of real estate in the secondary housing market, repair of premises, agency services for the sale of residential apartments, implementation of IT solutions.
- Other: rental services and other activities.

The Group’s Management Board analyses the internal management reports of each division at least once a quarter.

The Development and construction and Maintenance segments are integrated on various levels related to the construction and maintenance of real estate. Transactions between segments, as a rule, are conducted with similar pricing as transactions between independent parties.

Information on the results of each reportable segment is presented in the table below. The financial results of operations are measured based on the segment gross profit reflected in internal management reports which are analysed by the Group’s Management Board. Management believes this information is most relevant in assessing the performance of individual segments in comparison with other businesses operating in the same industries.

(a) Profit and loss of segments

	Development and construction		Maintenance		Industrial segment		Proptech		Other		Total	
	Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
mln RUB												
External revenues	167,560	122,634	13,431	12,742	2,171	1,031	5,112	1,235	1,005	887	189,279	138,529
Inter-segment revenue	2,599	2,705	1,524	2,187	16,796	14,639	13	13	166	85	21,098	19,629
Total revenue for reportable segments	170,159	125,339	14,955	14,929	18,967	15,670	5,125	1,248	1,171	972	210,377	158,158
Gross profit for reportable segments	40,252	30,538	4,440	3,921	289	284	775	109	261	24	46,017	34,876
Gross margin	24%	25%	33%	31%	13%	28%	15%	9%	26%	3%	24%	25%

(b) Geographical information

Activities of reportable segments are concentrated in three main geographical regions named in these consolidated interim condensed financial statements “Moscow”, “Moscow Region” and “Other Regions”, which include operations in the regions of Russia and abroad. In the six months ended 30 June 2021, the results of operations of companies incorporated abroad were insignificant.

Segment revenues are presented based on the geographical location of the respective segment’s assets.

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Moscow	130,109	89,085
Moscow Region	45,951	40,599
Other regions	13,219	8,845
	189,279	138,529

In the six months ended 30 June 2021 and in the six months ended 30 June 2020, none of the customers’ volume sales exceeded 10% of the Group’s total revenue for the reporting period. In the Development and construction segment, four counterparties’ revenue was accounted for 9% of the segment’s revenue. In the Maintenance segment, revenue from one of counterparties in the six months ended 30 June 2021 accounted for 9% of the segment’s revenue (in the six months ended 30 June 2020, one counterparty’s revenue accounted for 6% of the segment’s revenue).

5 Seasonality of operations

The completion of real estate projects is usually performed in the second half of each year.

The Development and construction segment in the main geographic regions of Moscow and the Moscow Region and other regions of Russia is subject to cold spells. The volume of construction of projects from January to March usually decreases. Accordingly, revenue and gross profit in the second half of the year usually increase compared to the first half of the year.

For the 12 months ended 30 June 2021, the Development and construction segment recognised revenue in the amount of RUB 392,488 million (for the 12 months ended 30 June 2020: RUB 283,758 million) and gross profit in the amount of RUB 105,490 million (for the 12 months ended 30 June 2020: RUB 81,563 million).

6 Acquisition of associates, subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries in the six months ended 30 June 2021

The Group acquires land plots for development projects through the acquisition of control in companies, holding the land plots, and classifies such acquisitions as a purchase of an asset since these companies had no other significant assets, liabilities, profit or losses at the acquisition date. Accordingly, consideration paid or payable by the Group for the acquisition of these subsidiaries was recognised as cost of construction-in-progress intended for sale (see note 15).

There were no acquisition of businesses in the six months ended 30 June 2021.

(b) Acquisition of subsidiaries in the six months ended 30 June 2020

In the six months ended 30 June 2020 the Group entered into two agreements with third parties to acquire a 70% share in two Russian companies providing contracting services to design and construct infrastructure facilities, water pipelines, sewerage systems, heating networks, and landscaping. The total consideration amounted to RUB 197 million and was paid in full in cash during 2020. As part of business combinations the Group recognised assets and liabilities at fair value at the acquisition date, with the fair value determined by an independent appraiser engaged by management.

(c) Acquisition of equity-accounted investees

In the six months ended 30 June 2021, the Group acquired an additional interest in a company operating in the environmentally friendly disposal of electronic and electrical equipment waste. The total consideration paid amounted to RUB 196 million, which was paid in the six months ended 30 June 2021.

There were no other material acquisitions of associates in the six months ended 30 June 2020.

7 Revenue

(a) Disaggregation of revenue by timing of revenue recognition

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Revenue from sales of real estate and construction revenue	167,560	122,634
Revenue from sales of residential properties recognised over time	132,866	98,829
Revenue from construction services recognised over time	26,745	15,633
Revenue from sales of non-residential premises and parking spaces recognised over time	7,816	8,138
Other development revenue	133	34
Revenue from other sales	21,719	15,895
Revenue from other sales of goods and services recognised at a point in time	8,288	3,153
Revenue from maintenance services, recognised over time	13,431	12,742
Total revenue from contracts with customers	189,279	138,529

(i) Significant financing component, savings on interest expense and other components of the transaction price

A significant financing component as part of the transaction price recognised in revenue for the six months ended 30 June 2021 amounted to RUB 1,402 million (for the six months ended 30 June 2020: RUB 2,314 million). For most of the construction contracts, there is no significant financing component due to the fact that the period between receipt of payment and the fulfillment of the obligation or part of the obligation under the contracts with customers, corresponding to the payment, does not exceed 12 months, and the Group applies a practical expedient.

A significant financing component in the transaction price in contracts with customers concluded in the six months ended 30 June 2021, was calculated using interest rates from 6.46% to 8.25% (in the six months ended 30 June 2020: from 8% to 9%).

The transaction prices in sales of properties involving the escrow accounts were determined taking into account savings on interest expense as a result of applying preferential interest rates compared to base rates stipulated in the credit facility agreements. Preferential interest rates are applied to project credit facility balances covered by funds placed by customers on escrow accounts. Rates are further reduced when the cash balances on escrow accounts exceed the amount of the loan received. As a result, the actual interest rate was less than 1% in certain periods. Base interest rates in the six months ended 30 June 2021 varied from +1.6% above the key rate of the Central Bank of the Russian Federation to 9.9% (in the six months ended 30 June 2020: from +2% above the key rate of the Central Bank of the Russian Federation to 9.9%). Savings on interest expense recognised in revenue in the six months ended 30 June 2021 amounted to RUB 3,596 million (in the six months ended 30 June 2020: RUB 1,022 million).

During the six months ended 30 June 2021, the Group compensated banks for a portion of interest expense on mortgage loans issued by the banks at lower interest rates than the banks' customary market rates to customers who had purchased real estate from the Group. This refund is accounted for as a decrease in the transaction price for the sale of real estate. The reduction in revenue from the sale of real estate related to

these refunds in the six months ended 30 June 2021 amounted to RUB 697 million (in the six months ended 30 June 2020: RUB 567 million).

In the six months ended 30 June 2021, the effect of discounting the provision for costs to complete, accounted for in cost of sales, amounted to RUB 1,072 million.

(ii) Sales of real estate to settle obligations for the acquisition of land

The Group recognises revenue from share participation agreements which have been concluded to settle obligations for acquired land plots. In the six months ended 30 June 2021 the effect of revenue being recognised from such contracts and certain contracts being terminated in the reporting period (note 7a (iii)) amounted to a net increase in revenue from sales of real estate of RUB 210 million (in the six months ended 30 June 2020: amounted to a net decrease in revenue of RUB 248 million).

(iii) Termination of contracts previously recognised in revenue

In the six months ended 30 June 2021 the Group reversed revenue recognised in prior periods due to terminations of several share participation agreements in the amount of RUB 707 million (in the six months ended 30 June 2020: RUB 693 million). Contracts were terminated mainly because payments were made in cash for the land plots, whereas it was initially agreed to settle the obligations by real estate properties. In addition, contracts were terminated based on mutual agreements between the parties where there were purchases of another property from elsewhere in the Group and for other reasons.

(iv) Changes in progress towards complete satisfaction of the performance obligation under contracts with the customer

During the reporting period, the Group revised several construction project budgets. As a result, the progress towards the complete satisfaction of performance obligations for certain contracts with customers changed by an average of 0.4% to 2.0% compared to the percentage of completion used in the preparation of the consolidated financial statements for 2020.

(b) Contract assets and liabilities from contracts for the sale of real estate

mln RUB	30 June 2021	31 December 2020
Contract assets	29,802	30,876
Assets under contracts with customers involving escrow accounts	107,838	61,478
Contract related costs recognised as other current assets	2,099	1,238
Trade receivables	536	264
Contract liabilities	(80,370)	(77,506)

Contract assets represent the Group’s right for consideration to be received from contracts with real estate customers, where payments are made in installments and where construction progress is ahead of the payment schedule. Contract liabilities within accounts payable include outstanding prepayments received under contracts with customers, recognised a significant financing component and savings on interest expense.

As at 30 June 2021, the net amount of a significant financing component as part of liabilities under contracts with customers of real estate amounted to RUB 324 million (31 December 2020: RUB 255 million), savings on interest expenses as part of liabilities under contracts with customers of real estate amounted to RUB 3,569 million (31 December 2020: RUB 995 million)

Revenues with respect to unsatisfied performance obligations at the end of the reporting period are expected to be recognised over a period of between one and three years. The total amount of performance obligations under contracts with customers concluded as at 30 June 2021 amounted to approximately RUB 127,930 million (31 December 2020: RUB 97,886 million). Revenues of approximately amount of RUB 104,028 million are expected to be recognised during the next 12 months with respect to performance obligations outstanding as at 30 June 2021 (31 December 2020: RUB 83,402 million).

In the six months ended 30 June 2021 the Group recognised revenue of RUB 34,670 million, which was included in contract liabilities as at 1 January 2021 (in the six months ended 30 June 2020: RUB 40,788 million).

(c) Contract assets and liabilities from sale of other products and services

mln RUB	30 June 2021	31 December 2020
Trade receivables	16,326	14,931
Contract liabilities:	(4,578)	(3,135)
– contracts when revenue recognised at a point in time	(2,823)	(1,862)
– contracts when revenue recognised over time	(1,755)	(1,273)

8 Finance income and costs

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Revaluation of cash-settled financial instruments (see note 20)	55,919	768
Interest income	1,991	1,918
Gain on modification of terms of a long-term financial instrument*	-	2,300
Foreign exchange gains, net	2	-
Write-off of accounts payable	20	7
Other finance income	62	307
Finance income	57,994	5,300
Interest expense before capitalisation in inventories	(12,224)	(7,847)
Capitalised interest expense	7,570	5,803
Total interest expense after capitalisation	(4,654)	(2,044)
Loss on impairment of financial assets	(888)	(629)
Foreign exchange losses, net	-	(39)
Share of profit of non-controlling interests in the Group’s subsidiaries	(249)	(359)
Other finance costs**	(1,018)	(78)
Finance costs	(6,809)	(3,149)
Significant financing component from contracts with customers	(1,533)	(1,870)
Net finance income for the period	49,652	281

* In the six months ended 30 June 2020, the Group repaid early the long-term debt for land plots acquired in previous reporting periods, which should be payable during a long time, and received an early payment discount due to fulfilling by the seller certain terms of the agreement. The change in the financial liability as a result of its early repayment was recognised in finance income during the corresponding reporting period.

** Other finance costs include the effect of discounting the provision for costs to complete in the amount of RUB 726 million.

Capitalisation of interest expense and significant financing component

In the six months ended 30 June 2021, a significant financing component amounting to RUB 216 million (in the six months ended 30 June 2020: RUB 690 million) and interest expense amounting to RUB 7,570 million (in the six months ended 30 June 2020: RUB 5,803 million) were capitalised in inventories.

In the six months ended 30 June 2021, interest expense capitalised in inventories included in cost of sales, including the effect from savings on interest expense from the use of escrow accounts and a significant financing component, amounted to RUB 4,481 million (in the six months ended 30 June 2020: RUB 2,948 million).

Capitalised interest expense was included in the cost of sales of real estate properties in the six months ended 30 June 2021 in the amount of RUB 4,396 million (in the six months ended 30 June 2020: RUB 2,881 million), net of reversals of previously recognised impairment losses on capitalised interest expense.

The total effect of capitalisation of interest expense, including interest expense from realised savings from the use of escrow accounts, and of a significant financing component, in the amount of construction-in-progress net of their amounts recognised in cost of sales amounted to RUB 3,390 million (in the six months ended 30 June 2020: RUB 3,613 million).

The weighted average capitalisation rate in the six months ended 30 June 2021 was 7.71% (in the six months ended 30 June 2020: 8.83%).

In the six months ended 30 June 2021 interest expense before capitalisation in inventory included RUB 10,903 million of interest accrued on bank loans and bonds (in the six months ended 30 June 2020: RUB 7,350 million).

9 Administrative expenses

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Personnel costs	3,971	3,851
Professional and other services	609	423
Research and development	598	522
Taxes	385	279
Depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets	637	290
Rent	192	214
Material costs	275	346
Other administrative expenses	558	359
	7,225	6,284

10 Other expenses, net

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Penalties and fines, including provision for litigation and claims	(552)	(471)
Charity	(29)	(106)
Gain on disposal of property, plant and equipment	5	40
Loss from write-off of intangible assets	(439)	(332)
Tax expenses	(259)	(79)
Result from sale and write-off of other assets	(258)	(131)
Other expenses, net	(2)	(230)
	(1,534)	(1,309)

11 Income taxes

Income tax benefit or expense was recognised based on management’s estimate of the weighted average annual effective income tax rate determined at 18% and applied to profit before income tax for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 24%).

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Current tax expense		
Current income tax for the period	(9,057)	(1,570)
Underprovided in previous periods	(627)	(9)
Reversal of tax provision (see note 26)	37	-
	(9,647)	(1,579)
Deferred income tax expense		
Origination and reversal of temporary differences	(5,639)	(4,175)
	(5,639)	(4,175)
Total income tax expense	(15,286)	(5,754)

12 Property, plant and equipment

mln RUB	2021	2020
As at 1 January	35,546	34,453
Additions	4,980	1,051
Transfers from inventories	2,197	1,429
Acquisitions through business combinations	-	154
Depreciation charge	(2,056)	(1,573)
Reclassification to inventories	(549)	(14)
Disposals	(912)	(290)
Disposal of subsidiaries	-	(39)
As at 30 June	39,206	35,171

13 Intangible assets and goodwill

mln RUB	2021	2020
As at 1 January	14,033	13,454
Additions	1,183	394
Amortisation charge	(229)	(148)
Disposals	(418)	(346)
As at 30 June	14,569	13,354

14 Investment property

(a) Reconciliation of carrying amount

mln RUB	2021	2020
As at 1 January	6,880	6,626
Change in fair value	606	-
Disposals	(49)	(226)
As at 30 June	7,437	6,400

(b) Measurement of fair value

The fair value of investment property was determined by external independent real estate appraisers who have the appropriate recognised professional qualifications and recent experience in the evaluation of this type of real estate at that location. The assumptions used to calculate these amounts as at 31 December 2020 have not changed significantly.

To determine the fair value of land plots in the six months ended 30 June 2021 the Group applied a comparative approach based on an analysis of all available information on sales of similar properties, while adjustments were made to reflect differences between market analogue and the evaluated properties. Under this approach, current bids for land plots that are similar to those under valuation were analysed. Sales prices were adjusted for differences in characteristics between items under valuation and comparable land plots. The prices of similar properties were adjusted for bargaining, which resulted in a decrease in the price by 10-18%; and adjustments for a location resulted in a change in price from -39% to 15%; adjustments for area resulted in a change in price from -40% up to 38%. As at 30 June 2021, the fair value of these land plots estimated using the comparative method was RUB 7,437 million (31 December 2020: RUB 6,880 million).

Sensitivity analysis

A decrease by 5 percentage points in the base selling price for investment properties measured using the comparative method would result in a decrease in the fair value of investment property of RUB 372 million (31 December 2020: a decrease in the fair value of investment property by RUB 344 million). An increase in the selling price by 5 percentage points would have the opposite effect on the fair value of investment property of approximately the same value.

15 Inventories

mln RUB	30 June 2021	31 December 2020
Construction-in-progress intended for sale	307,125	261,315
Finished goods and goods for resale	26,471	22,243
Raw materials and consumables	12,913	10,362
Right-of-use asset	14,241	13,070
	360,750	306,990
Impairment losses	(2,251)	(2,489)

A significant part of construction-in-progress intended for sale and finished goods consists of costs to construct apartments, commercial properties and parking spaces, as well as costs to acquire land plots and right-of-use assets, to build infrastructure and social facilities, allocated to properties which were not sold to customers and those that were sold to customers but costs were not fully recognised in cost of sales based on the percentage of completion.

During the reporting period the Group purchased several land plots and right-of-use assets for future development in Moscow, Moscow region and other regions of Russia for the total amount of RUB 47,202 million mostly through the acquisition of control in companies that own these land plots. The Group also incurred costs associated with the purchase of land plots and right-of-use assets including changes to the terms of agreements, which were in force in the previous period, in the amount of RUB 10,388 million in relation to Group projects that are already under development. The companies had no other significant assets, liabilities and financial results as at the acquisition date. Therefore, the consideration paid by the Group for the acquisition of subsidiaries was accounted for as construction-in-progress intended for sale. The payment was partially made in cash with the remaining amount of RUB 5,715 million due within a year were included in the current accounts payable for the acquisition of land plots, and RUB 10,420 million due in more than one year, included in the non-current accounts payable for acquisition of land plots.

Construction-in-progress in the amount of RUB 265,316 million relates to construction properties that will be completed in more than 12 months after the reporting date (31 December 2020: RUB 213,716 million).

Movement of the provision for impairment of inventories (see note 18 (b))

mln RUB	Construction-in- progress intended for sale	Finished goods and goods for resale	Raw materials and consumables	Total
As at 1 January 2021	(677)	(1,463)	(349)	(2,489)
Additional provision	-	(141)	(55)	(196)
Release of provision	172	223	-	395
Utilisation	-	39	-	39
As at 30 June 2021	(505)	(1,342)	(404)	(2,251)

mln RUB	Construction-in- progress intended for sale	Finished goods and goods for resale	Raw materials and consumables	Total
As at 1 January 2020	(1,794)	(922)	(243)	(2,959)
Additional provision	-	(262)	(139)	(401)
Release of provision	67	20	-	87
Transfers	137	(137)	-	-
Utilisation	420	318	-	738
As at 30 June 2020	(1,170)	(983)	(382)	(2,535)

16 Accounts receivable, including contract assets

mln RUB	30 June 2021	31 December 2020
Non-current		
Trade receivables and contract assets for sale of real estate properties	269	-
Accounts receivable for disposal of subsidiaries	2	663
	271	663
Impairment losses on financial assets (see note 25(b))	-	(10)
Current		
Trade receivables and contract assets of Development and construction segment	137,907	92,618
Trade receivables of Maintenance segment and other services	12,619	12,690
Trade receivables for the other sales	3,782	2,344
Advances issued to suppliers and contractors	20,658	8,627
Advances issued for acquisition of land plots/right-of-use assets, including acquisition of subsidiaries	27,554	10,390
Advances issued to other suppliers and contractors	11,446	7,721
Taxes receivable	4,117	4,231
Accounts receivable from the sale of interests in subsidiaries and associates	1,338	1,387
Other accounts receivable	6,274	5,333
	225,695	145,341
Impairment losses on financial assets (see note 25(b))	(3,924)	(3,133)
Impairment losses on non-financial assets (see note 18)	(1,302)	(1,503)

Advances issued in the six months ended 30 June 2021 for the acquisition of land plots in the amount of RUB 21,756 million (in the six months ended 30 June 2020: RUB 1,451 million) are accounted within changes in accounts receivable, including contract assets.

17 Leases

The contract portfolio of the Group mostly consists of leases of land plots for construction of residential property for sale.

The change in the right-of-use asset during the six months ended 30 June 2021 is presented in the table below:

mln RUB	Land plots	Buildings and constructions	Equipment	Other	Total
As at 1 January 2021	13,070	1,715	334	90	15,209
New contracts	6,768	169	1,133	51	8,121
Modifications of contracts	(3,787)	(675)	-	(5)	(4,467)
Accrued to cost of sales	(1,810)	(76)	(101)	(16)	(2,003)
Amortisation recognised in administrative expenses	-	(218)	-	-	(218)
As at 30 June 2021	14,241	915	1,366	120	16,642

The change in lease liabilities during the six months ended 30 June 2021 is presented in the table below:

mln RUB	Land plots	Buildings and constructions	Equipment	Other	Total
As at 1 January 2021	11,842	1,766	276	79	13,963
New contracts	6,393	169	1,133	51	7,746
Modifications of contracts	(3,787)	(472)	-	(5)	(4,264)
Interest expenses on lease liabilities	581	60	21	4	666
Lease payments, including offsets	(2,687)	(494)	(117)	(23)	(3,321)
As at 30 June 2021	12,342	1,029	1,313	106	14,790

The change in the right-of-use asset during the six months ended 30 June 2020 is presented in the table below:

mln RUB	Land plots	Buildings and constructions	Equipment	Other	Total
As at 1 January 2020	4,862	2,205	190	81	7,338
New contracts	1,465	306	183	7	1,961
Modifications of contracts	297	(275)	(3)	(1)	18
Accrued to cost of sales	(555)	(98)	(37)	(5)	(695)
Reclassification to construction-in-progress	-	(218)	-	(4)	(222)
As at 31 December 2020	6,069	1,920	333	78	8,400

The change in lease liabilities during the six months ended 30 June 2020 is presented in the table below:

mln RUB	Land plots	Buildings and constructions	Equipment	Other	Total
As at 1 January 2020	4,178	2,204	161	81	6,624
New contracts	1,465	197	183	7	1,852
Modifications of contracts	297	(280)	3	1	21
Interest expenses on lease liabilities	191	92	14	3	300
Lease payments, including offsets	(810)	(379)	(53)	(16)	(1,258)
As at 31 December 2020	5,321	1,834	308	76	7,539

Lease costs with variable lease payments that are not accounted for as right-of-use assets and liabilities under IFRS 16 “Leases” in the consolidated statement of financial position were capitalised in construction-in-progress in the amount of RUB 745 million and included in current expenses for the period in the amount of RUB 144 million (in the six months ended 30 June 2021 RUB 951 million and RUB 74 million respectively).

As at 30 June 2021, the Group estimates that the future lease costs with variable rates will approximately amount to RUB 19,269 million for the period 2021 to 2032 (31 December 2020: RUB 12,926 million). Future costs mainly consist of the cost of land plots leased for development.

Lease liability terms as at 30 June 2021 and 31 December 2020 are presented in the table below:

Discount rate, %	Lease term	Land plots	Property and plant	Equipment	Other	Total
As at 31 December 2020						
5.8% - 8.2%	2021	155	42	7	3	207
8.21% - 11%	2021	594	57	2	-	653
6% - 7.5%	2022	313	61	2	2	378
7.51% - 9.1%	2022	875	61	54	9	999
6% - 7.5%	2023	855	4	49	-	908
7.51% - 9.1%	2023	742	225	20	28	1,015
6.7% - 9.3%	2024	1,779	758	135	23	2,695
6.7% - 9.3%	2025	941	7	7	-	955
7.2% - 8.8%	2026	5,588	-	-	-	5,588
7.4% - 9.8%	2027 - 2030	-	490	-	8	498
10% - 11%	2033 - 2054	-	61	-	6	67
Total:		11,842	1,766	276	79	13,963
As at 30 June 2021						
5.28% - 11%	2021	129	47	2	3	181
6% - 7.5%	2022	4,863	107	1	2	4,973
7.51% - 9.1%	2022	241	27	37	6	311
6% - 7.5%	2023	6	19	44	3	72
7.51% - 9.1%	2023	391	26	18	25	460
6.5% - 9.5%	2024	3,767	184	1,205	55	5,211
7% - 9.3%	2025	420	21	6	-	447
7.2% - 8.2%	2026-2027	2,441	81	-	-	2,522
8.21% - 9.6%	2027 - 2031	84	454	-	8	546
9.2% - 11%	2033 - 2054	-	63	-	4	67
Total:		12,342	1,029	1,313	106	14,790

18 Impairment losses on non-financial assets, net

In the six months ended 30 June 2021 the Group tested non-financial assets for possible impairment indicators, the results are specified in the table below:

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Impairment losses		
Inventories	-	(6)
Advances issued	(614)	(417)
	(614)	(423)
Reversal of impairment losses		
Advances issued	451	307
	451	307
	(163)	(116)

(a) Property, plant and equipment

The Group analysed property, plant and equipment for impairment indicators as at 30 June 2021 and as at 30 June 2020 and did not identify any evidence of impairment indicators at both reporting dates.

(b) Inventories

In most cases, the Group used the discounted cash flows method and engaged an independent appraiser to estimate the net realizable value of the Group’s construction-in-progress as at the reporting dates. The coronavirus pandemic did not have a significant negative impact on the key assumptions used in calculating discounted cash flows (for example, contract volumes and average sales prices) due to government support measures for the construction industry, marketing campaigns, conducted by the Group and the Group’s digital technologies backing online sales, including mortgage transactions.

The following key assumptions of the discounted cash flow method were used in determining the net realizable value of construction-in-progress:

- Cash flows were projected for each individually significant project;
- The expected selling prices for the apartments were based on market prices effective in June 2021 for similar real estate;
- The final expected cost of construction was forecasted based on cost per square meter and construction pace in June 2021 for similar projects of the Group;
- An average pre-tax discount rates of 10 -17% were applied to cash flows depending on the stage of the project and construction financing schemes.

Based on the results of impairment testing in the six months ended 30 June 2021 impairment losses was charged in the amount of RUB 196 million and the provision was released in the amount of RUB 395 million (in the six months ended 30 June 2020: the provision for impairment of inventories was charged in the amount of RUB 401 million and the provision was released in the amount of RUB 87 million). Income from impairment reversal included in cost of goods sold, amounted to RUB 124 million (in the six months ended 30 June 2020: impairment loss amounted to RUB 479 million), including recognised losses on onerous contracts projects in the amount of RUB 94 million without accrual of provision (in the six months ended 30 June 2020: RUB 330 million).

Sensitivity analysis

Management has determined the discount rate and the estimated selling prices as key assumptions subject to reasonable change that could have a significant impact on the recoverable value of inventories.

A reduction in the selling price by 5% would lead to additional impairment of construction-in-progress amounted to RUB 1 630 million as at 30 June 2021 (31 December 2020: RUB 570 million).

An increase in the discount rate by 1 percentage point would lead to additional impairment of construction-in-progress amounted to RUB 160 million as at 30 June 2021 (31 December 2020: RUB 140 million).

(c) Advances issued

Advances issued on newly acquired projects are tested for impairment as part of the project return analysis before acquisition. Advances issued for projects under construction are tested for impairment as part of the assessment of the net realisable value of construction-in-progress using the discounted cash flow method and with the help of an independent appraiser.

(d) Intangible assets and goodwill

The Group analysed intangible assets for impairment as at 30 June 2021 and as at 30 June 2020 and did not identify any evidence of impairment at both reporting dates. The current economic situation did not result in significant budget shortfalls in the six months ended 30 June 2021 or in significant changes in the forecasts used in assessing the recoverability of client base and goodwill.

19 Cash and cash equivalents

mln RUB	30 June 2021	31 December 2020
Cash on hand	2	1
Cash in banks	52,414	96,085
Restricted cash	502	441
Cash and cash equivalents	52,918	96,527

Cash balance on escrow accounts (for information purposes)

mln RUB	30 June 2021	31 December 2020
Escrow accounts	162,766	90,303

Cash, placed on escrow accounts and not recognised in the Group’s consolidated statement of financial position, represents the amounts deposited by the owners of the accounts (customers of real estate properties) in authorised banks as a consideration for acquired property under share participation agreements.

In the six months ended 30 June 2021, cash receipts to escrow accounts amounted to RUB 81,810 million (in the six months ended 30 June 2020: RUB 20,139 million).

In the six months ended 30 June 2021, as the Group completed the construction of real estate properties, where apartments were sold using escrow accounts, according to the legislation, the Group became entitled to receive cash placed on escrow accounts in the amount of RUB 9,347 million, of which RUB 6,639 million was set off against the project finance liability, and RUB 302 million was used to pay the interest due under the project finance liability.

As at 30 June 2021, cash in the amount of 16,689 million was placed on special bank accounts which operations are subject to special banking control (as at 31 December 2020: RUB 49,240 million) in accordance with the requirements of Federal Law No. 214- FZ.

20 Financial instruments measured at fair value through profit and loss

As at 30 June 2021, the Group’s non-current assets include two cash-settled financial instruments:

- In June 2017 the Group entered into a transaction to sell its repurchased depositary receipts (GDRs) to one of the largest banks of the Russian Federation (see Note 29). Simultaneous to the transaction, the Group entered into a forward cash-settled financial instrument under which the Group will be paid by the Bank or pay to the Bank the difference between the market price of the GDRs as at the date the contract terminates and the initial delivery price of the GDRs.
- In May 2018 the Group entered into a second contract for a cash-settled financial instrument with the same Bank. In this case, the Group did not repurchase its shares. Instead the Bank entered into forward transactions with final sellers to purchase the required number of shares.

In accordance with this agreement, the transaction parties compensate the difference between the agreed share price and the market value of the Group’s shares at the expiry date of the contract.

During the course of each contract the Group makes quarterly payments to the Bank, taking into account interim payments and dividends paid.

Both contracts can be extended every 6 months by either party.

In the six months ended 30 June 2021, the change in the value of financial instruments carried at fair value is as follows:

mln RUB	Cash-settled financial instrument executed in June 2017	Cash-settled financial instrument executed in May 2018	Total
Fair value as at 31 December 2020	15,977	18,401	34,378
Quarterly interim payments	336	524	860
Change in fair value	25,293	30,626	55,919
Fair value as at 30 June 2021	41,606	49,551	91,157

As at 30 June 2021, the estimated fair value of cash-settled financial instruments was determined based on the following key assumptions and contract terms:

	Cash-settled financial instrument executed in June 2017	Cash-settled financial instrument executed in May 2018
Number of shares in the agreement:	49 990 198	60 137 070
Share price used in the calculation:	1 074.60 RUB (as at 31 December 2020: 587.29 RUB)	
Quarterly interim payment interest rate:	key rate of Central Bank of Russian Federation+2.2%	key rate of Central Bank of Russian Federation+1.8%
Interim expiry date:	29 December 2021	30 November 2021
Maximum (terminal) contract prolongation term initiated by one of the parties:	every 6 months, but no later than 31 January 2023	
Risk-free rate:	5.48% (as at 31 December 2020: 4.23%)	5.45% (as at 31 December 2020: 4.20%)
Discount rate adjusted for credit risk:	6.58% (as at 31 December 2020: 4.73%)	6.35% (as at 31 December 2020: 4.59%)
Annual discount rate for interim payment:	7.84% (as at 31 December 2020: 6.36%)	7.74% (as at 31 December 2020: 6.4%)

Sensitivity analysis

A decrease in the forecast selling price by 5 percentage points would result in a decrease in the fair value of cash-settled financial instruments as follows:

- For cash-settled financial instruments executed in June 2017 by RUB 2,663 million (31 December 2020: by RUB 1,453 million);
- For cash-settled financial instruments executed in May 2018 by RUB 3,209 million (31 December 2020: by RUB 1,751 million).

21 Equity

(a) Dividends

Under the Russian legislation, the Company’s reserves available for distribution are limited to retained earnings as recognised in the Company’s statutory financial statements prepared following the Russian Accounting Principles.

In May 2021, the Group approved and declared dividends in the amount of RUB 30,006 million, or RUB 45.43 per share. Dividends were paid in full in May 2021.

In the six months ended 30 June 2020, there were no dividends declared and paid.

(b) Weighted average number of shares and earnings per share

Calculation of earnings per share is based on the profit for the period and the weighted average number of ordinary shares in circulation during the period, which amounted to 660 497 344 shares (in the six months ended 30 June 2020: 660 497 344 shares). The Company has no ordinary shares with potentially dilutive effect.

22 Accounts payable, including contract liabilities

mln RUB	30 June 2021	31 December 2020
<i>Non-current</i>		
Accounts payable for acquisition of land plots	12,616	6,563
Accounts payable under construction contracts	459	433
Other advances received	451	449
Other liabilities	32	5
	13,558	7,450
<i>Current</i>		
Liabilities under contracts with customers of real estate properties and advances received for construction works	80,370	77,506
Liabilities under contracts with customers of real estate properties in acquisition of land plots	5,812	6,889
Other advances received	4,725	8,091
Accounts payable for construction works and other trade payables	17,053	15,357
Trade payables of Maintenance segment	9,830	10,952
Accounts payable for acquisition of land plots	6,652	5,194
Payables to employees	6,848	6,183
Other taxes payable	10,748	9,447
Accounts payable to owners of non-controlling interests	930	687
Other accounts payable	3,442	4,957
	146,410	145,263

Information on the Group’s exposure to foreign exchange risk and liquidity risk in terms of other trade payables is disclosed in note 25.

23 Loans and borrowings

mln RUB	30 June 2021	31 December 2020
<i>Non-current</i>		
Bonds, net of those purchased by the Group	32,116	36,739
Unsecured bank loans	-	4,473
Unsecured loans received	115	115
Project financing	190,922	146,597
Secured bank loans	5,911	6,216
Interest payable	4,399	3,189
	233,463	197,329
<i>Current</i>		
Bonds, net of those purchased by the Group	6,394	12,666
Unsecured bank loans	4,473	-
Unsecured loans received	128	103
Project financing	81,876	16,679
Secured bank loans	7,143	2,521
Interest payable	4,008	2,797
	104,022	34,766
	337,485	232,095

As at 30 June 2021 and 31 December 2020, bank loans were secured with:

- lease/ownership rights of land plots with a total area of 1,088 ha (as at 31 December 2020: 912 ha), with carrying amount of RUB 102,272 million (as at 31 December 2020: RUB 66,406 million);

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- shares of/ interest in certain subsidiaries of the Group:

	Ownership interest	
	30 June 2021	31 December 2020
LLC PIK-Broker	100%	100%
CJSC Stroybusinesscenter	100%	100%
LLC Spetsialyzirovany Zastroyschik Tyron	99.999%	99.999%
JSC Spetsialyzirovany Zastroyschik Kuntsevo-Invest	100%	100%
JSC Spetsialyzirovany Zastroyschik Zelenogradsky (JSC Production and trade complex Zelenogradsky)	100%	100%
LLC Spetsialyzirovany Zastroyschik Legro	100%	100%
JSC Spetsialyzirovany Zastroyschik Stolichny kompleks	100%	100%
JSC Port-City	100%	100%
JSC Spetsialyzirovany Zastroyschik LZSMIK	99.9999%	99.9999%
JSC Spetsialyzirovany Zastroyschik M.Stroy	100%	100%
LLC Spetsialyzirovany Zastroyschik Volokolamskoye shosse 24	100%	100%
LLC Spetsialyzirovany Zastroyschik Bolshaya Ochakovskaya	100%	100%
LLC Sacramento-2	100%	100%
JSC Spetsialyzirovany Zastroyschik Krasnokazarmennaya 15	99.028%	99.028%
JSC Spetsialyzirovany Zastroyschik Monetchik	99%	99%
LLC Archecom	100%	100%
JSC Spetsialyzirovany Zastroyschik Volzhsky Park	100%	100%
LLC SZ GradOlymp	99.9%	99.9%
LLC Meridian	100%	100%
LLC Ereda	100%	100%
LLC Coronella	100%	100%
JSC Galaktik Invest	100%	100%
LLC Spetsialyzirovany Zastroyschik Solntsevo Park	100%	100%
LLC Spetsialyzirovany Zastroyschik Likhobory	100%	100%
LLC Ground	100%	100%
JSC Spetsialyzirovany Zastroyschik Trial Service (JSC Trial Service)	100%	100%
JSC Spetsialyzirovany Zastroyschik Torgovy Dom Sputnik (JSC Torgovy Dom Sputnik)	100%	100%
LLC SZ Serednevo	100%	100%
JSC Spetsialyzirovany Zastroyschik Perovskoye	100%	100%
LLC Globus	100%	100%
LLC SZ Pik-Primorye	100%	100%
LLC Parasang systems	-	100%
LLC SZ Chasovaya	99.9%	99.9%
LLC Spetsialyzirovany Zastroyschik Stroy-Expert	-	100%
JSC Spetsialyzirovany Zastroyschik Novokhokhlovskaya 15	100%	100%
JSC Spetsialyzirovany Zastroyschik Presnensky Val 27	100%	100%
LLC Spetsialyzirovany Zastroyschik Kantemirovskaya	100%	100%
LLC Lotan	100%	100%
O.P.H.L. Openprospect Holdings Limited	100%	100%
D.H. PRIVATE INVEST TECHNOLOGY LIMITED	100%	100%
LLC Spetsialyzirovany Zastroyschik Faramant	100%	-
LLC Spetsialyzirovany Zastroyschik InvestAlliance	100%	-
JSC Avtokombinat №42	99.9774%	-
JSC Ozernaya	100%	-
LLC Spetsialyzirovany Zastroyschik Ozernaya 44	100%	-
LLC Agrotrans	100%	-
LLC Borets	99.9%	-
LLC RIVIERA PARK	99.9%	-
LLC Megapolis	100%	-
LLC RegionInvest	100%	-
JSC Galaktion	100%	-

	Ownership interest	
	30 June 2021	31 December 2020
JSC ATOL Company	100%	-
JSC Spetsialyzirovany Zastroyschik PIK-Region	100%	-
LLC L-Holding	100%	-
JSC 2d Irtyshtsky	99.08%	-
LLC L-Development	100%	-
LLC Astreid Group	100%	-
LLC Spetsialyzirovany Zastroyschik Ekstragrad	100%	-
LLC Alkaid	100%	-
LLC Spetsialyzirovany Zastroyschik Stolitsa	100%	-
LLC Spetsialyzirovany Zastroyschik Simonovskaya Naberezhnaya	100%	-
LLC Almadin	100%	-
LLC Pegas	100%	-

Issue and redemption of bonds

In June 2021, the Group repaid previously placed bonds with a coupon rate of 8.7% in the amount of RUB 3,270 million and bonds with a coupon rate of +1.45% above the key rate of the Central Bank of the Russian Federation in the amount of RUB 6,000 million.

The bonds' maturities, including offers, are presented in the table below. Depending on the terms of the issue coupon payments are made quarterly or semi-annually.

The fair value of the bonds is disclosed in note 25 (a).

The terms of financial liabilities as at 30 June 2021 did not significantly change compared to those disclosed as at 31 December 2020 in the consolidated financial statements for 2020, except for new loans and borrowings as indicated below.

mln RUB	Currency	Nominal rate, %	Maturity	30 June 2021		31 December 2020	
				Nominal value	Carrying value	Nominal value	Carrying value
Project financing	RUB	9.75%-10.75%	2021	-	-	3,398	3,398
Project financing	RUB	From the key interest rate+2% to the key interest rate of the Central Bank of the Russian Federation+3.75%	2021-2029	142,886	142,729	80,653	80,631
Project financing	RUB	Key interest rate of the Central Bank of the Russian Federation+4%	2022	-	-	1,600	1,591
Project financing	RUB	Variable interest rate*	2023-2031	135,189	130,069	79,490	77,656
Secured bank loans	RUB	From the key interest rate+1.95% to the key interest rate of the Central Bank of the Russian Federation+2.7%	2022-2026	13,054	13,054	8,737	8,737
Unsecured bank loans	RUB	Key interest rate of the Central Bank of the Russian Federation+3.5%	2022	4,500	4,473	4,500	4,473
Unsecured loans received	RUB	5%	2023	115	115	115	115
Unsecured loans received	RUB	8.5%-10.5%	2021	128	128	103	103
Bonds	RUB	7.4%-11.25%	2021-2024	28,120	28,045	32,990	32,886
Bonds	RUB	Key interest rate of the Central Bank of the Russian Federation+0.5%	2028	7,000	7,000	7,000	7,000
Bonds	RUB	Key interest rate of the Central Bank of the Russian Federation+1.4%	2022	2,475	2,475	2,475	2,475
Bonds	RUB	Key interest rate of the Central Bank of the Russian Federation+1.45%	2021	-	-	6,000	5,884
Bonds	RUB	Key interest rate of the Central Bank of the Russian Federation+1.5%	2023	990	990	1,160	1,160
				334,457	329,078	228,221	226,109

* variable effective rates are calculated by applying base rates to funds not covered by cash on escrow accounts. These rates range from +1.6% above the key rate of the Central Bank of the Russian Federation where interest is capitalised up to a rate of 9.9% where interest is paid in advance of releasing funds from escrow accounts. Rates on loans fully covered by cash on escrow accounts are subject to preferential rates and additional discounts, as a result of which the rate may be reduced to 0.01%.

24 Non-controlling interests

The following is a summary of movements in equity attributable to non-controlling interests in subsidiaries of the Company:

mln RUB	Developer	Internet provider	Manufacturer of smart home systems	Manufacturer of elevator equipment	Other	Total
As at 1 January 2021	1,194	613	170	18	148	2,143
Profit/(loss) for the period	257	(105)	(35)	1	224	342
Other changes	12	-	167	-	(179)	-
As at 30 June 2021	1,463	508	302	19	193	2,485

mln RUB	Internet provider	Manufacturer of elevator equipment	Other	Total
As at 1 January 2020	614	344	543	1,501
(Loss)/profit for the period	-	(332)	117	(215)
Change in non-controlling interest due to the restructuring of subsidiaries	-	-	(70)	(70)
As at 30 June 2020	614	12	590	1,216

Public Joint Stock Company “PIK-specialized homebuilder”
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The following tables summarise the information before the elimination of intercompany transactions in the Group’s subsidiaries where the non-controlling interests are significant.

mln RUB	Developer	Internet provider	Manufacturer of smart home systems	Manufacturer of elevator equipment	Other	Total
As at 30 June 2021						
Non-current assets	76	2,534	491	1,105	324,414	328,620
Current assets	17,710	1,558	1,363	3,927	209,329	233,887
Non-current liabilities	4,655	44	29	188	36,564	41,480
Current liabilities	6,105	1,923	912	3,218	270,247	282,405
Net assets	7,026	2,125	913	1,626	226,932	238,622
Carrying amount of non-controlling interest	1,463	508	302	19	193	2,485
Revenue	4,512	690	587	2,477	18,313	26,579
Profit/(loss)	1,481	(210)	59	78	13,443	14,851
Total comprehensive income	1,481	(210)	59	78	13,443	14,851
Profit/(loss) attributable to non-controlling interest	257	(105)	(35)	1	224	342

mln RUB	Internet provider	Manufacturer of elevator equipment	Other	Total
As at 30 June 2020				
Non-current assets	1,238	1,064	13,793	16,095
Current assets	-	1,878	24,150	26,028
Non-current liabilities	-	192	3,627	3,819
Current liabilities	9	1,473	32,535	34,017
Net assets	1,229	1,277	1,781	4,287
Carrying amount of non-controlling interest	614	12	590	1,216
Revenue	-	1,780	18,479	20,259
(Loss)/profit	(1)	227	(2,557)	(2,331)
Total comprehensive income	(1)	227	(2,557)	(2,331)
(Loss)/profit attributable to non-controlling interest	-	(332)	117	(215)

25 Financial instruments

The carrying value of financial assets and liabilities (see note 25 (a)) and the corresponding levels of the fair value hierarchy are presented below:

mln RUB	Note	30 June 2021	31 December 2020
Level 1			
Financial assets:			
Financial instruments measured at fair value through profit or loss	20	91,157	34,378
Financial liabilities:			
Unsecured bonds	23	(38,998)	(50,186)
Level 3			
Assets:			
Cash and cash equivalents	19	52,918	96,527
Trade and other receivables	16	162,191	115,035
Loans issued, bank deposits accounted for in other investments and equity accounted investees		3,376	680
Liabilities:			
Loans and borrowings	23	(298,487)	(181,909)
Long-term lease liabilities	17	(14,790)	(13,963)
Trade and other payables	22	(50,084)	(43,461)
		(92,717)	(42,899)

(a) Fair values and carrying amounts

As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group’s financial assets and liabilities of the Group did not differ significantly from their fair values, except for bonds. As at 30 June 2021, the fair value of bonds, net of those repurchased by the Group, exceeded their carrying amount by RUB 619 million (as at 31 December 2020: RUB 1,654 million).

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Generally, credit risk relates to financial assets of the Group measured at amortised cost, which include cash and cash equivalents, receivables and other investments. During the reporting period, there were no significant changes in the structure of financial assets, their credit quality and valuation methods.

The approach and the procedure for calculating impairment losses (expected credit losses) on the Group’s financial assets measured at amortised cost did not materially differ from those used in preparing the consolidated financial statements for the year ended 31 December 2020. During the reporting period there were no cases of downward movement of credit ratings.

Amounts of receivables and other investments measured at amortised cost, grouped by internal credit rating and payment statistics, are presented in the table below:

(i) Accounts receivable, including contract assets

mln RUB Internal credit rating of the Group	Gross carrying amount as at 30 June 2021	Impairment loss as at 30 June 2021	Gross carrying amount as at 31 December 2020	Impairment loss as at 31 December 2020
High	135,149	(30)	86,276	(11)
Above-medium	11,618	(165)	14,235	(226)
Medium	4,451	(240)	6,096	(342)
Below-medium	2,935	(493)	731	(147)
Low	57	(6)	87	(50)
Default	1,294	(1,190)	972	(655)
Total	155,504	(2,124)	108,397	(1,431)

(ii) Accounts receivable for which expected credit losses are estimated based on payment statistics

mln RUB Overdue debt	Weighted average loss rate	Gross carrying amount as at 30 June 2021	Impairment loss as at 30 June 2021	Gross carrying amount as at 31 December 2020	Impairment loss as at 31 December 2020
0-30 days	9.73%	3,503	(341)	1,989	(202)
31-90 days	9.77%	972	(95)	1,040	(105)
90-180 days	9.77%	686	(67)	1,009	(102)
181-360 days	9.79%	1,073	(105)	1,271	(129)
1-3 years	23.76%	2,407	(572)	2,489	(596)
more than 3 years	32.75%	1,893	(620)	1,901	(578)
Total		10,534	(1,800)	9,699	(1,712)

(iii) Other investments

mln RUB Internal credit rating of the Group	Gross carrying amount as at 30 June 2021	Impairment loss as at 30 June 2021	Gross carrying amount as at 31 December 2020	Impairment loss as at 31 December 2020
High	2,711	(16)	164	(5)
Above-medium	486	(110)	127	(3)
Medium	117	(32)	494	(109)
Below-medium	-	-	2	-
Default	102	(102)	145	(143)
Total	3,416	(260)	932	(260)

(iv) Cash and cash equivalents

The Group does not recognise a provision for estimated credit losses in relation to cash balances as the amount is not material. Cash and cash equivalents are placed with banks rated no lower than B+, based on the classification of international rating agencies S&P Global Ratings, Fitch and Moody's. The Group considers expected credit losses to be insignificant.

(v) Guaranties

Generally, the Group issues guarantees only for the obligations of its subsidiaries, with the exception of certain suppliers and contractors providing construction services for whom the Group issued sureties. As at 30 June 2021 and 31 December 2020 the amount of such sureties did not exceed RUB 1,000 million.

26 Provisions

mln RUB	Provision for costs to complete	Provision for onerous contracts	Tax provision	Provision for litigation	Provision for warranty obligations	Total
As at 1 January 2021	24,717	353	414	1,607	403	27,494
Additional provisions	7,149	1,325	-	545	52	9,071
Release of provisions	(1,076)	(394)	(37)	(285)	-	(1,792)
Utilisation	(5,177)	(748)	-	(332)	(16)	(6,273)
As at 30 June 2021	25,613	536	377	1,535	439	28,500

mln RUB	Provision for costs to complete	Provision for onerous contracts	Tax provision	Provision for litigation	Provision for warranty obligations	Total
As at 1 January 2020	21,895	345	1,562	2,169	-	25,971
Additional provisions	9,254	2,856	-	1,393	-	13,503
Release of provisions	(611)	(424)	-	(1,263)	-	(2,298)
Utilisation	(4,058)	(2,429)	-	(128)	-	(6,615)
As at 30 June 2020	26,480	348	1,562	2,171	-	30,561

In calculation of provisions, the Group used assumptions, which are subject to uncertainty and judgment. In preparing these consolidated interim condensed financial statements, the assumptions used to calculate provisions do not differ significantly from those used in preparing the consolidated financial statements as at and for the year ended 31 December 2020.

27 Contingencies

The contingencies of the Group related to taxes, insurance and warranties did not materially differ from the contingencies and guarantees reported in the consolidated financial statements as at and for the year ended 31 December 2020.

28 Related party transactions

(a) Control relationships

As at 30 June 2021, the Company is ultimately controlled by Mr. Sergey E. Gordeev, who owns 60,1% of the Company's ordinary shares (31 December 2020: 59,33%).

(b) Management remuneration

Key management remuneration accrued during the first six months of 2021 is represented in the table below:

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Salary and bonuses	1,084	497
Insurance premium	193	83
Total	1,277	580

(c) Related parties’ balances

mln RUB	30 June 2021	31 December 2020
Advances issued	467	1,817
Loans issued	1,286	17
Accounts receivable	56	13
Advances received	(49)	-
Accounts payable	(267)	(69)
Total	1,493	1,778

(d) Transactions with related parties

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Contribution to the share capital of an associate	(245)	(200)
Advances to suppliers and contractors	(272)	-
Purchases of commodities and services	(202)	-
Loans issued	(1,286)	-
Total	(2,005)	(200)

(e) Other transactions with related parties

In the six months ended 30 June 2021, executive directors of the Company purchased residential apartments in uncompleted buildings for the total amount of RUB 30 million and RUB 18 million in completed buildings (in the six months ended 30 June 2020 there were no such operations).

In the six months ended 30 June 2021, the ultimate controlling shareholder of the Group issued a guarantee under one of the Group’s construction contracts, according to which the Group is responsible for the fulfillment of all current and future contractual obligations. As at 30 June 2021, there were no outstanding contractual obligations under this contract.

29 Transactions with the Government

(a) Control relationships

One of the largest Russian banks (“the Bank”) is a shareholder of more than 20% of the Group’s share capital. At the same time, the Bank did not participate in the decision-making process by having representatives on the Board of Directors of the Company. Significant transactions with the Bank are provided below.

Balances with the Bank

mln RUB	30 June 2021	31 December 2020
Financial instruments measured at fair value	91,157	34,378
Advances issued	73	37
Cash in banks	30,256	66,956
Loans and borrowings	(157,914)	(125,452)
Interest payable	(3,659)	(3,576)
	(40,087)	(27,657)

Transactions with the Bank and the Bank affiliates

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Revaluation of cash-settled financial instruments	55,919	768
Interest income	52	93
Interest expense before capitalisation	(4,802)	(3,131)
Other revenue	39	-
Commercial expenses	-	(382)
Quarterly interim payments under cash-settled financial instruments	(860)	(1,287)
Other finance costs	(34)	(2)
Total	50,314	(3,941)

As at 30 June 2021, parties to share participation agreements placed RUB 119,685 million to escrow accounts with the Bank (31 December 2020: RUB 69,676 million).

During first six months of 2021, the Group received project financing from the Bank of RUB 51,775 million at rates of between +2% and +3.06% above the key rate of the Central Bank of the Russian Federation and repaid debt related to project financing of RUB 18,420 million at rates of between +2% and +3.06% above the key rate of the Central Bank of the Russian Federation (in the six months ended 30 June 2020: received project financing of RUB 46,605 million at rates of between +2% and +3.21% above the key rate of the Central Bank of the Russian Federation. There was no repayment of debt).

The key terms for financial instruments are disclosed in notes 20 and 23.

(b) Transactions with the Government

In addition, the Group conducts transactions with several entities under control or joint control of the Russian Federation. The Group applies an exemption provided by IAS 24 “Related Party Disclosures”, which allows the disclosure of transactions with entities related to the Government in a simplified manner.

The Group conducts operations with enterprises related to Government, which are part of ordinary activities and are carried out on conditions comparable to the terms of activities with enterprises not related to Government. Such operations include, but are not limited to, providing construction, general constructor’s and technical supervision services, the lease of land for development projects, purchasing the construction services, and contributions to the fund for the protection of the rights of citizens participating in shared construction projects. Those transactions that exceeded RUB 1,000 million in the six months ended 30 June 2021, according to management estimates, amounted to at least 5.25% of the revenues from sale of construction services and about 0.31 % of the costs for construction of real estate objects (in the six months ended 30 June 2020: 87.15% and 5.87% respectively). As at 30 June 2021, outstanding balances with government-related enterprises do not exceed RUB 25,200 million of assets and RUB 39,400 million of liabilities of the Group (as at 31 December 2020: RUB 29,039 million of assets and RUB 60,764 million of liabilities of the Group).

As at 30 June 2021, parties to share participation agreements placed RUB 27,965 million to escrow accounts with banks associated with the government (31 December 2020: RUB 12,404 million). In the six months ended 30 June 2021, the Group received loan financing from banks associated with the government in the amount of RUB 40,101 million (in first half of 2020: RUB 1,750 million).

30 Subsequent events

In August 2021 the Group acquired land plots from a third party through the acquisition of 50% of shares in the company.

31 Non-IFRS measures

Net debt

mln RUB	Note	30 June 2021	31 December 2020
Loans and borrowings, excluding project financing	23	64,687	68,819
Project financing	23	272,798	163,276
Cash and cash equivalents	19	(52,918)	(96,527)
Net debt		284,567	135,568

Net debt except for escrow accounts balances

mln RUB	Note	30 June 2021	31 December 2020
Loans and borrowings, excluding project financing	23	64,687	68,819
Project financing	23	272,798	163,276
Cash and cash equivalents	19	(52,918)	(96,527)
Escrow accounts balances	19	(162,766)	(90,303)
Net debt		121,801	45,265

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

mln RUB	Note	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Profit and total comprehensive income for the period		69,425	17,986
Depreciation of property, plant and equipment and amortisation of intangible assets	12, 13	2,285	1,721
Interest expense after capitalisation	8	4,654	2,044
Significant financing component on contracts with customers and the effect of discounting the provision for costs to complete, included in other financial costs	8	2,259	1,870
Interest income	8	(1,991)	(1,918)
Income tax expense	11	15,286	5,754
EBITDA		91,918	27,457

Earnings before interest, taxes, depreciation and amortisation (see above) as additionally adjusted (see below) (Adjusted EBITDA)

mln RUB	Note	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
EBITDA		91,918	27,457
Significant financing component and interest expense savings from project financing of construction of real estate sold through the use of escrow accounts recognised in revenue	7	(4,999)	(3,336)
Interest expense written off to cost of sales	8	4,481	2,948
Discount the provision for costs to complete accrued to cost of sales	7	(1,072)	-
Impairment losses on non-financial assets, net	18	163	116
(Gain on reversal of)/impairment loss included in cost of sales, net	18	(124)	479
Profit from change in fair value of investment property	14	(606)	-
Impairment loss on financial assets, net	8	888	629
Reversal of write-off of accounts payable	8	(20)	(7)
Foreign exchange (gain)/loss, net	8	(2)	39
Loss on disposal of property, plant and equipment, intangible assets and other assets	10	692	423
Gain on disposal of subsidiaries, associates and investment property, net		(66)	(10)
Penalties and fines, including provision for litigation	10	552	471
Write-off of other materials		66	15
Other finance income	8	(62)	(307)
Elimination of revaluation of cash-settled financial instruments and financial liability	8	(55,919)	(3,068)
Adjusted EBITDA		35,890	25,849

Supplementary information not required by IFRS

Net cash from operating activities before acquisition and sale of land plots/right-of-use assets and prepayments for land plots/right-of-use assets

mln RUB	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020
Cash flows from operations before changes in inventories, accounts receivable and payable and provision for costs to complete	35,988	23,953
<i>Changes in:</i>		
Inventories before acquisitions and sale of land plots/right-of-use asset	7,879	4,841
Receivables, including contract assets and excluding advances issued for the acquisition of land plots/right-of-use asset	(69,770)	(24,753)
Payables, including contract liabilities and changes in the provision for taxes, other than income tax	27	(3,154)
Provisions	317	4,611
Net cash flows (used in)/from operations before income taxes and interest paid and before acquisition expenses and proceeds from sale of land plots/right-of-use asset and advances issued for the acquisition of land plots/right-of-use asset	(25,559)	5,498
Income taxes paid	(13,775)	(2,485)
Interest paid	(6,397)	(4,244)
Net cash flows used in operations before acquisitions expenses and proceeds from sale of land plots/right-of-use asset and advances issued for the acquisition of land plots/right-of-use asset	(45,731)	(1,231)
Acquisition of ownership and lease of project land plots, including acquisition of subsidiaries	(57,590)	(24,250)
Gain on sales of land plots/right-of-use asset	72	66
Changes in accounts payable for acquisition of land plots, liabilities to transfer real estate objects in land plot acquisition transactions and long-term lease liabilities	6,934	538
Change in advances issued for the acquisition of land plots/right-of-use asset	(17,164)	1,204
Net cash used in operating activities	(113,479)	(23,673)

Net assets of LLC GP-MFS

As at 30 June 2021 and as at 30 June 2020, the net assets of GP-MFS LLC amounted to a positive value.

Development capital expenditures (cash flows) except for cash paid for the acquisition of land plots/right-of-use assets

In the six months ended 30 June 2021 development capital expenditure amounted to RUB 94,228 million (in the six months ended 30 June 2020: RUB 65,701 million).

Proceeds from sales of real estate

In the six months ended 30 June 2021 proceeds from real estate sales taking into account receipts for escrow accounts amounted to RUB 166,372 million (in the six months ended 30 June 2020: RUB 104,330 million).



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Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and the Board of Directors of Public Joint Stock Company PIK-Specialized homebuilder

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Public Joint Stock Company "PIK-Specialized homebuilder" (the "Company") and its subsidiaries (the "Group") as at 30 June 2021, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

Scope of Review

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

Reviewed entity: Public Joint Stock Company "PIK-Specialized homebuilder".

Registration number in the Unified State Register of Legal Entities No. 1027739137084.

Moscow, Russia.

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation.

Registration number in the Unified State Register of Legal Entities No.1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.



Public Joint Stock Company “PIK-Specialized homebuilder”

Independent Auditors’ Report on Review of Consolidated Interim Condensed Financial Statements

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 30 June 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other Matter

The supplementary information accompanying the consolidated interim condensed financial statements on page 40 is presented solely for the convenience of users, does not form part of the consolidated interim condensed financial statements and is not reviewed.



Kirill Altukhov
JSC “KPMG”
Moscow, Russia
27 August 2021