G-group

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor’s Report

31 December 2021

Contents

Independent Auditor's Report

To the Shareholder and Board of Directors of G-group Joint-Stock Company:

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of G-group Joint-Stock Company (the "Company") and its subsidiaries (together– the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition under co-investment agreements in accordance with IFRS 15 The Group receives most of its revenue from co-investment agreements, and it is recognised over time on the basis of estimated progress of construction using the input method to measure fulfilment of the performance obligation. The input method involves using significant judgements and estimates, including an estimate of construction progress at the reporting date, which is determined as a percentage of actually incurred costs in total expenses under the general contractor agreement within the performance obligation. An estimate of total expected expenses under the agreement is subject to changes due to volatility of the economic situation and the length of the Group's operating cycle. The calculation of revenue is technically complex, contains multiple inputs and has a material impact on the consolidated financial statements. (Notes 3, 4, 25).	We performed audit procedures in respect of revenue under co-investment agreements, including, but not limited to the following: • assessment of consistent application of accounting policies on revenue recognition based on a sample of co-investment agreements; • understanding the Group's control procedures for revenue recognition; • performing detailed testing procedures, such as: (1) assessment of construction progress at the reporting date based on the percentage of actually incurred expenses under the agreement at the reporting date relative to total expenses under the agreement – for all co-investment agreements; (2) sample testing of actually incurred expenses during the period and reconciliation of total expected expenses under the agreement with the cost estimate documentation; (3) sample testing of inputs underlying the revenue calculations using reconciliation against co-investment agreements. Detailed testing procedures were performed with an element of unpredictability, including selection of insignificant transactions. • checking completeness and compliance of revenue disclosures in the Group's consolidated financial statements and their consistency with the disclosure requirements set by IFRS 15 "Revenue from Contracts with Customers".

Key audit matter	How our audit addressed the key audit matter
Identification of the Group consolidation perimeter In the Group's consolidated financial statements, subsidiaries were consolidated based on the participation interest of the Company (the "Parent") in these entities or based on control under call option agreements for a controlling interest. In management judgement, option agreements with owners of subsidiaries provide the Parent with the right to the controlling interest. These agreements represent real rights providing control over entities in respect of which the Parent has the right to acquire the controlling interest. (Notes 3, 4, 32).	We performed audit procedures in respect of the Group's consolidation perimeter, including, but not limited to the following: • assessment of consistent application of accounting policy to determine the Group's consolidation perimeter, including new Group companies; • understanding the Group's control procedures used to determine the consolidation perimeter; • performing detailed testing procedures, such as: (1) checking new option agreements signed in 2021 and charter documents for the establishment and existence of control; (2) engaging in-house experts to provide technical consultations on the establishment of control due to signing two new option agreements; (3) performing procedures to determine if the Group has control over related parties, major suppliers or customers; • checking completeness of disclosures in the Group's consolidated financial statements and their compliance with the disclosure requirements set by IFRS 10 "Consolidated Financial Statements", including disclosure of significant judgements.
Determining fair valuation of investment properties Activities related to investment properties management (shopping malls, general-purpose non-residential premises, car parks, kindergarten and general-purpose land plots) represent a significant segment of the Group. The Group recognises investment properties at fair value based on an independent expert assessment and management estimates based on techniques using professional judgement to project future cash flows and other assumptions. (Notes 3, 4, 12).	We performed audit procedures in respect of the fair value of investment properties, including, but not limited to the following: • we tested a sample of the Group's lease agreements based on which the independent appraiser and the Group prepared projections of the fair value based on the discounted cash flow model; • we tested on a sample basis the reliability of inputs related to the Group's investment properties used by the independent appraiser and the Group to determine their fair value under the market approach, namely through reconciliation of data about the location, size and title and other data against extracts from the Unified State Register of Real Estate;

Key audit matter	How our audit addressed the key audit matter
	• we engaged our in-house valuation experts to verify the rationale of all applied assumptions and the correctness of the methodology used to determine the fair value of the Group's investment properties under the income and market approaches in the audit sampling. Our valuation experts verified the Group's assumptions underlying the calculation models based on both external sources of information and our own estimates, proceeding from our understanding of industry specifics; • we considered the sufficiency of disclosures in the consolidated financial statements. Detail testing procedures were performed in relation to all significant items of the Group's investment properties.

Other matter – Materiality and Group audit scope

Overview

Materiality	Overall Group materiality: 337 million Russian Roubles (RUB million), which represents 1% of the average between the Group's revenue for 2021 and the Group's assets as at 31 December 2021.
Group scoping	• We conducted audit work at 61 reporting entities of the Group. • Our audit scope addressed 99% of the Group's revenues and 97% of the absolute value of the Group's profit before tax.

Materiality

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	RUB 337 million
How we determined it	1% of the average between the Group's revenue for 2021 and the Group's assets as at 31 December 2021
Rationale for the materiality benchmark applied	We decided to use the average of revenue and assets as the materiality benchmark because in our view, it is the benchmark against which the performance of the Group is best assessed in this industry, since it simultaneously represents the Group's activities and its capital investments. We set materiality benchmark at 1%, which is within the range of acceptable quantitative materiality thresholds.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Based on our risk assessment and analysis of materiality of items of Group companies' financial information we have audited the consolidated financial statements in accordance with ISA, which included performing auditing procedures in relation to all Group companies whose financial information is significant for each indicator in the Group's consolidated financial statements. The procedures were performed by the audit group together with tax, IFRS and valuation experts.

We believe that the results of detailed testing procedures, including those based on audit sampling, and procedures over the consolidation process provided sufficient and appropriate audit evidence for expressing our opinion on the Group's consolidated financial statements as a whole.

Our audit scope addressed 99% of the Group' s revenues and 97% of the absolute value of the Group's underlying profit before tax.

Other information

Management is responsible for the other information. The other information comprises the Annual Report for 2021 (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Issuer's Report for the 12 months of 2021, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report for 2021 and the Issuer's Report for the 12 months of 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The certified auditor responsible for the audit resulting in this independent auditor's report is Alexey Aleksandrovich Okishev.

AO PricewaterhouseCoopers Audit

28 April 2022
Moscow, Russian Federation

A.A. Okishev is authorised to sign on behalf of the general director of AO PricewaterhouseCoopers Audit (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR: 21906100080)

G-group
Consolidated Statement of Financial Position

In millions of Russian roubles	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,106	1,711
Right-of-use assets		16	24
Investment property	12	10,557	10,410
Intangible assets		3	1
Investments	14	1,500	989
Deferred tax assets	29	772	467
Trade and other receivables	17	215	487
Advances issued for construction of investment properties and plant and equipment	13	122	109
Total non-current assets		**14,291**	**14,198**
Current assets			
Inventories	16	12,037	10,077
Advances issued for construction of residential and commercial properties held for sale	13	1,018	316
Trade and other receivables	17	4,168	4,003
Contract assets	18	7,557	5,545
Value added tax recoverable		120	154
Current income tax prepayments		134	79
Investments	14	484	913
Reverse REPO agreement	15	1,000	-
Cash and cash equivalents	19	3,969	1,040
Letters of credit	20	1,527	2,736
Non-current assets held for sale	12	351	52
Total current assets		**32,365**	**24,915**
TOTAL ASSETS		**46,656**	**39,113**
EQUITY			
Share capital	21	50	50
Retained earnings		14,013	12,431
Equity attributable to owners of the Company		**14,063**	**12,481**
Non-controlling interest	31	**6,589**	**5,934**
TOTAL EQUITY		**20,652**	**18,415**
LIABILITIES			
Non-current liabilities			
Borrowings	22	10,796	8,263
Trade and other payables	24	1,377	1,080
Deferred income tax liability	29	1,483	714
Lease liabilities		19	19
Provisions for liabilities and charges	23	60	80
Total non-current liabilities		**13,735**	**10,156**
Current liabilities			
Borrowings	22	8,857	8,352
Trade and other payables	24	3,001	2,040
Current income tax payable		346	54
Lease liabilities		18	30
Provisions for liabilities and charges	23	47	66
Total current liabilities		**12,269**	**10,542**
TOTAL LIABILITIES		**26,004**	**20,698**
TOTAL EQUITY AND LIABILITIES		**46,656**	**39,113**

Approved and signed on 28 April 2022

L.R. Khalitov
Chief Executive Officer

T.S. Khusainova
Chief Finance Officer

The accompanying notes on pages 5 to 70 are an integral part of these consolidated financial statements.

In millions of Russian roubles	**Note**	**2021**	**2020**
Revenue	25	20,819	18,167
Cost of sales	26	(11,508)	(10,291)
Gross profit		**9,311**	**7,876**
Selling and administrative expenses	26	(3,346)	(2,377)
Change in expected credit losses on financial assets	14,17	(11)	37
Income from revaluation of investment properties	12	174	22
Other income	27	505	98
Operating profit		**6,633**	**5,656**
Finance income	28	272	157
Finance costs	28	(1,198)	(792)
Profit before tax		**5,707**	**5,021**
Income tax (expense)/benefit	29	(1,111)	50
PROFIT FOR THE YEAR		**4,596**	**5,071**
Other comprehensive income for the year		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,596**	**5,071**
Profit attributable to:			
- owners of the Company		3,017	2,576
- non-controlling interest	31	1,579	2,495
Profit for the year		**4,596**	**5,071**
Total comprehensive income attributable to:			
- owners of the Company		3,017	2,576
- non-controlling interest	31	1,579	2,495
Total comprehensive income for the year		**4,596**	**5,071**

In millions of Russian roubles	Note	Attributable to owners of the Company: Share capital	Retained earnings	Total equity held by owners	Non-controlling interest	Total equity
Balance at 1 January 2020		**50**	**8,549**	**8,599**	**5,063**	**13,662**
Profit for the year		-	2,576	2,576	2,495	5,071
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for 2020	31	-	2,576	2,576	2,495	5,071
Dividends distributed for the year	21	-	(62)	(62)	(55)	(117)
Other transactions with owners	21		(255)	(255)	-	(255)
Change in non-controlling interest	21		1,623	1,623	(1,623)	-
Acquisition of control over subsidiaries		-	-	-	54	54
Balance at 31 December 2020		**50**	**12,431**	**12,481**	**5,934**	**18,415**
Profit for the year		-	3,017	3,017	1,579	4,596
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for 2021	31	-	3,017	3,017	1,579	4,596
Dividends distributed for the year	21	-	(600)	(600)	(1,041)	(1,641)
Other transactions with owners	10, 21	-	(431)	(431)	-	(431)
Acquisition of control over subsidiaries	8	-	-	-	(140)	(140)
Change in non-controlling interest	32	-	(658)	(658)	658	-
Disposal of subsidiary	32	-	-	-	(401)	(401)
Share options issued	7	-	254	254	-	254
Balance at 31 December 2021		**50**	**14,013**	**14,063**	**6,589**	**20,652**

In millions of Russian roubles	Note	2021	2020
Cash flows from operating activities			
Profit before income tax		5,707	5,021
Adjustments for:			
Depreciation	11	128	104
(Gain) / loss from disposal of property, plant and equipment		(227)	6
Finance income	28	(272)	(157)
Finance costs	28	1,198	792
Revaluation of investment property	12	(174)	(22)
Impairment of property, plant and equipment	11	291	98
Change in expected credit losses on financial assets	14, 17	11	(37)
Change in provision for impairment of non-financial assets	13, 17	(33)	19
Accounts receivable write-off	26	59	23
Accounts payable write-off		(52)	(6)
Share-based payments	7	254	-
Operating cash flows before working capital changes		**6,890**	**5,841**
Decrease/(increase) in trade and other receivables and advances issued	13.17	207	(400)
Increase in contract assets	18	(2,012)	(4,500)
Increase in inventories	16	(2,081)	(1,409)
Increase/(decrease) in trade and other payables	24	1,082	(1,223)
Decrease in other assets		124	13
Decrease/(increase) in letters of credit	20	1,209	(1,563)
Changes in working capital		**(1,471)**	**(9,082)**
Income tax paid		(412)	(122)
Interest paid	22	(842)	(815)
Net cash flows from operating activities*		**4,165**	**(4,178)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(425)	(606)
Proceeds from disposal of property, plant and equipment		100	18
Purchases of investment property		(880)	(1,291)
Proceeds from disposal of investment property		623	473
Proceeds from disposal of assets held for sale		-	9
Loans originated, promissory notes and securities acquired		(1,233)	(1,143)
Placement of investments with securities fund		-	(349)
Repayment of investments in securities fund	14	349	
Repayment of loans, promissory notes and securities		625	963
Conclusion of reverse REPO agreement	15	(1,000)	-
Interest received		182	122
Acquisition of subsidiaries, net of cash acquired	8	28	-
Acquisition of a group of assets	8	(148)	-
Net cash from investing activities		**(1 779)**	**(1 804)**
Cash flows from financing activities			
Acquisition of control over subsidiaries		-	54
Proceeds from borrowings	22	11,025	12,961
Repayment of borrowings	22	(11,385)	(6,999)
Proceeds from bonds placement	22	3,000	977
Payments on lease liabilities		(14)	(21)
Dividends paid to owners of the Company	21	(611)	(62)
Dividends paid to non-controlling interest	21	(1,041)	(44)
Other transactions with owners	21	(431)	(255)
Net cash flows from financing activities		**543**	**6,611**
Net increase in cash and cash equivalents		**2,929**	**629**
Cash and cash equivalents at the beginning of the year	**19**	**1,040**	**411**
Cash and cash equivalents at the end of the year	**19**	**3,969**	**1,040**

* Operating cash flows do not include cash received by the authorised bank from holders of escrow accounts being participants of co-investment agreements (property buyers) as payment of the co-investment agreement price amounting to RUB 12,348 million (2020: RUB 7,446 million).

1 G-group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2021 for G-group JSC (the “Company”) and its subsidiaries (together referred to as the “Group” or “G-group”).

The Company was incorporated in accordance with Russian Law on 1 September 2017 as a limited liability company and is domiciled in the Russian Federation. On 19 February 2021 the Company was reorganised into a joint stock company.

As at 31 December 2021 and 31 December 2020, the Group’s immediate parent company is Hansolo Limited (Cyprus). As at 31 December 2021 and 31 December 2020, the ultimate controlling party of the Group is the Gilfanov family: spouses Rashit Akramovich Gilfanov and Faridya Maryagovna Gilfanova and their sons: Ilfat Rashitovich Gilfanov and Albert Rashitovich Gilfanov. The Group’s immediate parent company does not issue publicly available consolidated financial statements in accordance with IFRS.

Principal activity. The Group’s principal business activities in the Russian Federation are construction and development of residential and commercial real estate and infrastructure facilities, provision of development services for a fee at the residential and commercial real estate market.

The Group generates income from the sale of residential and commercial real estate, leasing out completed properties and providing hotel rooms for temporary use and other services.

The Group operates in the Russian Federation, mostly in the Republic of Tatarstan, Samara region (Togliatti) and the Republic of Bashkortostan (Ufa).

Registered address and place of business. The Group’s subsidiaries are registered in the Russian Federation and in Cyprus. The Company’s legal address is: Kazan, 62B Zhurnalistov Street, office 21, 420053, Russian Federation.

Presentation currency. These consolidated financial statements are presented in Russian roubles ("RUB"), unless otherwise stated.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 30). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently relaxed, however, as of 31 December 2021, the global infection levels remain high, vaccination rate is relatively low, and there is a risk that the Russian authorities would impose additional restrictions in subsequent periods, including due to emerging new variants of the virus.

2 Operating Environment of the Group (Continued)

In 2021, the Russian economy demonstrated positive dynamics in recovery from the pandemic. This trend was also supported by the global economic recovery and higher prices on global commodity markets. However, higher prices on certain markets in Russia and globally also contribute to the inflation in Russia.

The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

In 2021, the persisting political tension in the region escalated due to further development of the situation with Ukraine, which had a negative impact on commodity and financial markets and increased volatility, particularly of foreign exchange rates. After 31 December 2021, the situation has continued to deteriorate and remained highly unstable. There is an increased volatility on financial and commodity markets. Further sanctions and restrictions on business activities of entities operating in the region are expected, along with implications for the economy on the whole, the full range and potential effect of which are impossible to assess. However, the management's preliminary estimate of the impact of these developments on the Group's operations is presented in Note 36.

For the purpose of measurement of expected credit losses ("ECL") on the Group's loans, receivables and similar assets the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 33 provides more information of how the Group incorporated forward-looking information in the ECL models.

3 Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except for revaluation of investment properties, financial instruments initially recognised at fair value and financial instruments categorised as at fair value through profit or loss and at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented in the consolidated financial statements, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Consolidated financial statements. Subsidiaries are those investees that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

3 Significant Accounting Policies (Continued)

As at 31 December 2021 and 31 December 2020, the subsidiaries were consolidated based on the interest in the subsidiaries' equity or based on control arising from signed option agreements granting the right to acquire interest in the subsidiaries' equity (Note 32).

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated, unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

The share capital represents the share capital of the parent company G-group JSC.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

The share capital of limited liability companies being subsidiaries consists of the contributions made by their participants entitling the participants to the relevant share in the companies' net assets (the carrying amount of the property). In accordance with the current versions of their articles of association, participants of these subsidiaries do not have an unconditional right to claim a cash redemption of their interests in the subsidiaries. Therefore, non-controlling interest in the subsidiaries incorporated as limited liability companies is recorded within "Non-controlling interests" line in the Group's equity.

Option agreements with the legal entities included in the consolidation perimeter contain provisions of redemption of the ultimate interest in these legal entities. All option agreements may be exercised any time after the date of such agreements. There are no other obstacles for the exercise of such options providing control over these legal entities to G-group. The part of net result and equity of subsidiaries attributable to non-controlling interest, where the Group controls such subsidiaries as a result of signing option agreements, is presented within "Non-controlling interests".

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the consolidated statement of changes in equity.

Purchases of subsidiaries from parties under common control. Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented prospectively from the date of combination. The assets and liabilities of the subsidiary transferred under common control are recognised at the predecessor entity's carrying amounts subject to the required adjustments.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

3 Significant Accounting Policies (Continued)

Transactions and balances. The consolidated financial statements are presented in Russian roubles, which are the functional currency and the presentation currency of the Company. The functional currencies of its subsidiaries are Russian roubles and US dollars. Transactions in foreign currencies are translated at the functional currency at the rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the end of reporting period.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currency and from translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBRF are recognised by group of similar financial instruments on a net basis within profit or loss for the year in the finance income or costs, as applicable.

Property, plant and equipment. Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses (where appropriate). The cost includes all expenses directly related to the purchase of such asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment includes assets under construction designated for future use as property, plant and equipment. Construction in progress comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable overheads that are incurred in construction. Depreciation of these assets starts when they become available for use.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit and loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

The carrying amount of an item of property, plant and equipment is derecognised upon its disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

The premises occupied by the owner, reclassified from investment property and recognised at fair value upon initial recognition, are transferred to property, plant and equipment at the value equal to its fair value at the date of the transfer, and then recognised at such value less accumulated depreciation and accumulated impairment losses.

Depreciation. Land and construction in progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

3 Significant Accounting Policies (Continued)

	Useful lives in years
Buildings and facilities	10 to 40 years
Plant and equipment	5 to 20 years
Other	3 to 10 years

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property. Investment property represents the property held for the purpose of receiving lease payments or economic benefits from the increase of its market value, or for both of these purposes, but not for sale in the ordinary course of business, production or supply of goods, provision of services or for administrative purposes. Where investment property is part of a larger real estate facility, it is determined based on its share of the facility's total surface area. Investment property is measured at fair value in the consolidated statement of profit or loss or other comprehensive income.

Investment property includes assets under construction for future use as investment property. Construction in progress within investment property is recognised in the consolidated financial statements at cost, less accumulated impairment loss, where applicable.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Market value of the Group's investment property is determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category.

3 Significant Accounting Policies (Continued)

Earned rental income is recorded in profit or loss for the year within revenue. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately. Gains or losses on disposal of investment property are calculated as proceeds less the carrying amount. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss for the year within net gains from fair value adjustments on investment property.

In certain circumstances the Group may dispose of a property other than at fair value, such as when there are special terms or circumstances allowing the parties to the transaction to obtain a benefit which would not generally be available to other market participants. In such circumstances the carrying value immediately prior to the sale is adjusted to the estimated fair value at the disposal date, and any difference between the proceeds and the carrying amount is recorded separately in profit or loss for the year within realised gains or losses on disposal of investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Right-of-use assets. The Group usually leases various non-residential premises. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Inventories. Inventory includes materials, land plots, construction-in-progress where the Group is the developer and the property is held for sale, finished products represented by residential and non-residential property built by Group companies, and goods represented by residential property acquired from third-party developers.

Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the expected selling price of inventory items in the ordinary course of business, less estimated cost of completion and selling expenses. The inventory reclassified from investment property and recognised upon initial recognition at fair value are recognised at fair value at the reclassification date, and then at the lower of value at initial recognition as inventory and net realisable value.

3 Significant Accounting Policies (Continued)

The value of construction-in-progress is calculated based on the expenses on such property, allocated to apartments proportionately to their size. The cost of land plots is included in the cost of sold real estate as soon as they are sold, proportionately to the apartments' share in the ownership in common. The operating cycle of a construction project can exceed 12 months.

Advances issued. Advances issued are carried in the consolidated financial statements at cost less provision for impairment.

Current assets include advances paid for capital expenditures representing payments transferred to contractors for construction of capital facilities held for sale and advances for the acquisition of land plots to be used for construction of properties for subsequent sale.

Non-current assets include advances less VAT paid for capital expenditures representing payments transferred to contractors for construction of items of property, plant and equipment and investment property, as these assets will be recorded as non-current upon their initial recognition.

If there is an indication that the assets, goods or services relating to an advance will not be received, the carrying value of the advance payment is written down accordingly and the corresponding loss is charged to profit or loss for the year.

Advances to acquire assets are included in the carrying amount of the asset once the Group has obtained control over the asset and it is highly probable that future economic benefits associated with the asset will flow to the Group.

Non-current assets held for sale. Non-current assets and disposal groups are recorded in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount is recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within 12 months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

Non-current assets held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated.

Impairment of non-financial assets. The carrying amounts of property, plant and equipment, intangible assets, construction in progress within investment property and right-of-use assets are analysed at each reporting date to identify whether any signs of their impairment exist. If such sign is identified, the recoverable amount of the related asset is determined.

The recoverable amount of an asset or cash generating unit is determined as the higher of an asset's value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the effect of changes in time value of money and the risks specific to such asset. For the purposes of testing for impairment, the assets which cannot be tested individually are included in the lowest levels of identifiable groups within which the cash flows are generated as a result of continued use of such assets, and such inflow is largely independent from cash inflow generated by other assets or groups of assets ("cash-generating unit").

3 Significant Accounting Policies (Continued)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit to which such asset belongs exceeds its recoverable amount. An impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Any amounts charged to impairment loss are recovered only if there was a change in the estimation drivers used to determine the related recoverable amount.

Financial instruments – key measurement terms. Depending on their classification, financial instruments are carried at fair value or amortised cost, as described below.

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 the 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.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition and classification of financial assets. Financial assets of the Group include cash and cash equivalents, letters of credit, trade and other receivables, promissory notes receivable, loans originated, investments in the securities fund and other investments, including foreign exchange option agreements.

3 Significant Accounting Policies (Continued)

Financial assets are recognised in the Group's consolidated statement of financial position, where the Group is a party to an agreement underlying the financial instrument. They are initially recognised at fair value plus costs directly attributable to the acquisition cost or issue of the financial asset.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets classification and subsequent measurement

The Group classifies financial assets in the following measurement categories: fair value through profit or loss (FVTPL) and at amortised cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all available evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

Option agreements for the right to acquire the controlling interest are measured at cost representing consideration recognised by the Company under the option agreement on acquisition of the subsidiary.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

3 Significant Accounting Policies (Continued)

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole, changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at amortised cost. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Group applies two approaches to ECL measurement: the general model and the simplified model.

The general model is applied to such financial assets of the Group as cash and cash equivalents, letters of credit, promissory notes receivable, loans originated and other investments.

Under the general approach the Group applies a three stage model for impairment based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

The simplified model provides for recognition of allowance for expected credit losses in the amount equal to the lifetime ECL for the financial asset. The model is applied to trade and other receivables, contract assets, financial lease and other receivables.

Note 33 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including the description of how the Group determines significant increase in credit risk and default.

If in a subsequent period, the ECL allowance decreases and such decrease may be objectively associated with an event occurring after the ECL allowance was recognised, the previously recognised loss is reversed through profit or loss. The carrying value of financial assets at the date of the ECL allowance reversal may not exceed the amortised cost that would have been recorded if no impairment had been recognised.

Accruals or releases of any ECL allowance for financial assets are recognised separately in the consolidated statement of profit or loss and other comprehensive income.

3 Significant Accounting Policies (Continued)

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include bankruptcy of a legal entity. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is material considering, among other things, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant changes in interest rates, changes in currency of the financial asset, presentation of a new or additional collateral.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories. The Group's financial liabilities are classified as subsequently measured at AC.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3 Significant Accounting Policies (Continued)

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, bank accounts and demand deposits, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Loans originated and accounts receivable. Trade receivables, loans originated, promissory notes receivable and other receivables characterised by fixed or identifiable payments and not quoted in an active market are classified as financial assets at amortised cost and recognised within investments and trade and other receivables. Loans originated and receivables are carried initially at fair value and subsequently, at amortised cost using the effective interest rate method less accumulated impairment. The operating cycle of trade receivables lasts for 18 months.

Equity securities Equity securities are carried at fair value through profit or loss. Equity securities with market quotations are measured at fair value. Equity securities not quoted in an active market are carried at fair value determined using the market approach.

Contract assets. Contract assets represent the Group's right to a part of the remuneration for the work performed at the reporting date under co-investment agreements with the use of escrow accounts which are not unconditional, since the due date is not only contingent on the passage of time. Contract assets are reclassified to accounts receivable when the rights become unconditional. Generally, in happens when an obligation under capital construction is fulfilled.

Contract assets and liabilities are offset at the level of individual co-investment participation agreement, with related amounts being presented in the consolidated statement of financial position on a net basis.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method. The operating cycle of trade payables lasts for 18 months.

3 Significant Accounting Policies (Continued)

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method.

Capitalisation of borrowing costs. The borrowing costs directly attributable to acquisition or construction of qualifying assets (primarily represented by investment property) that require a long time to prepare for intended use or sale are capitalised within the historical cost of such asset. All other borrowing costs are attributed to expenses in the reporting period when they were incurred. Borrowing costs include interest paid and any other costs incurred by the Group in connection with the borrowing.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised. Capitalisation of borrowing costs is disclosed in Note 12.

Finance lease receivables. Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future fixed lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins), using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Any finance lease income is recorded within "Finance income" in the consolidated statement of profit or loss and other comprehensive income.

Credit loss allowance is recognised using the simplified method for the estimation of lifetime expected credit loss. The ECL is recognised through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

3 Significant Accounting Policies (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Payments associated with short-term leases of equipment and vehicles and all leases of any assets valued below RUB 400 thousand are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Operating lease. Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised within "Revenue" in the consolidated statement of profit or loss and other comprehensive income for the year.

Share capital. Prior to February 2021, the share capital of the Company incorporated as a limited liability company consisting of the contribution made by its participant who is also its founder and holds an interest corresponding to the amount of its contribution entitling the participant to own the corresponding share in net assets of the Company (carrying amount of property). In accordance with the version of its articles of association effective in 2018-2020, the participant of the Company had no unconditional right to claim a cash redemption of his interest in the Company. Therefore, the interest in the Company is recognised within the "Share capital" line.

After the reorganisation in February 2021, the Company's ordinary shares are reported as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends distributed after the reporting date but before the consolidated financial statements are approved for issue are disclosed in the "Subsequent Events" note.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge[credit] comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

3 Significant Accounting Policies (Continued)

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

Uncertain income tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other expenses, respectively.

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of: (a) collection of receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as provision for other liabilities and charges represents the best estimate of repaying the current liability at the reporting date, taking into account the risks and uncertainty associated with the liability. The costs of all provisions are shown in the consolidated statement of profit or loss and other comprehensive income net of any recoveries.

3 Significant Accounting Policies (Continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Provisions for social facilities. The Group sets up a provision for expenses on social facilities to be built under the residential estate construction plan. The cost of land plots on which the social facilities are located is not included in the provision due to their possible exchange to other land plots or the sale of the plot as a separate asset. The Group includes any expenses on construction of social facilities in the “Inventories” line and allocates them to the sites which may not be completed without incurring costs on social facilities. The cost of residential construction sites is recognised based on the percentage of their completion and the share of sold premises.

Legal costs. A provision is recognised if it is probable that the Group will lose in legal proceedings where the Group is the defendant and will have to settle a liability.

Provision for site improvement. The Group charges its provisions for obligations to incur additional expenses on site improvement after the completion of the assets’ construction.

Revenue recognition. Revenue is income arising in the course of the Group’s ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised less discounts and VAT.

Revenue under co-investment agreements. Obligations under co-investment agreements provide for construction and subsequent transfer to customers’ ownership of apartments, non-residential premises, parking lots in residential buildings and stand-alone parking areas erected according to the approved designs. Revenue under co-investment agreements is recognised during the period based on the completion stage of the work under the agreement at the reporting date. Revenue from co-investment agreements is recognised over the period as the Group's fulfilment of its obligation results in the creation of an asset that the Group cannot use for alternative purposes and the buyer of the apartment can terminate the co-investment agreement only when the Group fails to discharge its obligations according to the current legislation regulating transactions under co-investment agreements, and therefore the Group has a legally enforceable right to receive payment for part of the contractual work performed to date. The Group fulfils its performance obligation in the course of the construction of the site, and its performance obligation is considered fulfilled when the construction site is commissioned, i.e. the site is made available for the use by buyers. Revenues and expenses under the agreement are recognised within profit or loss in the reporting period in which the work is performed. The completion stage under the agreement is defined as a part of costs under the agreement incurred in relation to the work performed at the current date vs total expected costs under the agreement. As the Group’s performance obligations are fulfilled, it recognises the related part of the transaction price as revenue based on the completion percentage approach.

The calculation of revenues, costs or the scope of work performed up to the full completion of the agreement may be revised, if circumstances change (the amount of transaction or timing of the obligation fulfilment). Agreement modification is generally related to performance obligations under the agreement and does not result in additional obligations. The impact of agreement modification on the transaction price and on the Group’s estimation of the extent of fulfilment of its performance obligation is recognised as revenue adjustment (either as increase or as decrease of revenues) at the date of the agreement modification (i.e. revenue adjustment is carried out using the cumulative approach).

3 Significant Accounting Policies (Continued)

Under the standard terms of the agreement, the customer pays the fixed consideration shortly after the agreement is signed. Contractual terms may also provide for payment deferral.

Revenue is measured at the price of the transaction agreed under the contract. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed with the customer provides the customer or the Group with a significant benefit of financing. Considering that in the co-investment agreements the Groups usually receives the consideration from the customer in advance and the expected length of time between when the customer pays and when the Group transfers the promised services to the customer exceeds 12 months, the Group believes that co-investment agreements usually contain a significant financing component.

When adjusting the promised amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception. After contract inception, the Group does not update the discount rate for changes in interest rates or other circumstances. The Group presents the effects of financing, being the interest expense, within “Finance costs” in its consolidated financial statements. Financing component reflects the effect of the time value of money, considering the long operating cycle.

A contract liability is the Group’s obligation to provide services to a customer, for which the Group has received consideration from the customer. Contract liabilities and any receivables under co-investment agreements are recorded when the agreement is signed, as at the time of signing the agreement the Group may issue an invoice for payment, and the agreement itself is considered as not subject to termination provided that the Group performs its obligations thereunder as required by current law governing transactions under co-investment agreements.

Proceeds from sales of real estate items. Under the contractual terms of the real estate sales agreement, the contract liability is the obligation to transfer control over the real estate item which is ready for use, the fulfilment of which is determined at point in time upon signing the transfer certificate by the parties. Upon signing of the transfer certificate, the customer has full discretion over the real estate, and there is no unfulfilled obligation that could affect the customer’s acceptance of the real estate.

The Group satisfies its performance obligation at the point of transferring the real estate to a specific customer, i.e. when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the real estate under the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The consideration corresponding to the transaction price is mainly becoming due after the contract is signed, or a credit term up to 60 days is provided.

No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. The Group has no obligation to repair or replace faulty products under the standard warranty terms, as such responsibility is undertaken by subcontractor.

A receivable is recognised when the real estate item is transferred, as at this point of time the consideration is unconditional because only the passage of time is required for the payment to be due.

If the Group provides any additional services to the customer after control over the real estate item is transferred, this is considered to be a separate performance obligation and is recognised over the time of the service provision. Where the agreements include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not obvious, they are estimated based on the expected cost-plus margin.

3 Significant Accounting Policies (Continued)

Revenue under co-investment agreements with the use of escrow accounts. Revenue under co-investment agreements with the use of escrow accounts is recognised over time as performance obligations are fulfilled and is recorded within revenue under co-investment agreements. The completion stage under the agreement is defined as a part of costs under the agreement incurred in relation to the work performed at the current date vs total expected costs under the agreement. This scheme does not result in a significant financial component, but it does affect the bank's financing rate on loans granted to the Group under these transactions.

As performance obligations are satisfied, the Group acquires a contract asset representing the Group's right to receive cash. This right will become unconditional upon completion of construction, commissioning of the real estate item and registration of the customer's title.

Revenue from hospitality services. Revenue from the lease of hotel rooms is recognised in the accounting period in which the services are provided. Revenue from the lease of hotel rooms is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group satisfies its performance obligation as services of the lease of hotel rooms are provided, and the performance obligation is considered satisfied upon completion of the lease term. Revenue is recognised for the services effectively provided by the end of the reporting period as a proportion of the total scope of services to be provided because the customer receives and consumes the benefits simultaneously. It is determined based on the number of days effectively spent in the hotel. In case of fixed-price agreements, the customer pays the fixed amount based on the payment schedule. If at the reporting date the scope of services provided by the Group exceeds the amount of payment, the contract asset is recognised. If at the reporting date the amount of payments exceeds the scope of services provided, a contract liability is recognised. The consideration corresponding to the transaction price is mainly becoming due at the time the invoice is issued on the first or on the last day of the lease term.

Other hospitality services include catering, food and beverage services. The Group satisfies its performance obligation when goods are transferred to the customer. The consideration corresponding to the transaction price is mainly becoming due at the time the invoice is issued.

Revenue is recognised in the amount the Group has a right to invoice, as the Group's right to consideration from a customer corresponds directly with the value to the customer of the Group's performance completed to date.

Revenue from other operations. Revenue from other operations includes revenue from childcare and minding, legal services related to registration of title, real estate transaction support services, and legal, HR and accounting services. Revenue from other operations is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group satisfies its performance obligation as services are provided, and the performance obligation is considered satisfied upon signing the certificate of services provided. The Group applies the practical expedient in relation to recognition of revenue from other operations. Revenue is recognised in the amount the Group has a right to invoice, as the Group's right to consideration from a customer corresponds directly with the value to the customer of the Group's performance completed to date. The consideration corresponding to the transaction price is mainly becoming due at the time the certificate of services provided is signed.

Rental income. Rental income from operating leases, net of the Group's direct costs of contract execution, is recognised on a straight-line basis over the lease period. The amounts received from lessees upon termination of the lease or as compensation for damage to rented property are recognised within "Other income" when received. In the period when the expenses can be recovered in accordance with the lease terms, the service fee and other similar proceeds are included in the revenue, as according to the management, the Group in this case acts as an agent.

3 Significant Accounting Policies (Continued)

Interest income. Interest income is recognised on a time-proportion basis using the effective interest method. This method defers, as part of interest income, all commission fees received by the Group that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for: (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost, net of the ECL allowance, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the amortised cost.

Employee benefits. Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the social insurance contributions.

Segment reporting. Operating segments are reported in a manner consistent with the internal reports provided to the Group's chief operating decision maker that are not significantly different from the IFRS consolidated financial statements. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Share-based payments. The Group applies a number of equity-settled share-based compensation plans. Under these plans, the Company receives goods or services from its employees and third parties as compensation for equity instruments (shares) of the Group.

Employee services settled in equity instruments. The fair value of the employee services received in exchange for granted options or shares is recognised as an expense within selling and administrative expenses in the consolidated statement of profit or loss and other comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). The attainment of any service and non-market performance vesting conditions are included in assumptions about the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to profit or loss, with a corresponding adjustment to equity. No changes to the charge are made when the expected or actual level of awards vesting differs from the original estimate due to non-attainment of market performance conditions, e.g., the appropriate total shareholder return or share price. Cancelled awards are deemed to have vested upon cancellation. Any unamortised expense associated with such awards is charged to profit or loss immediately.

Sale and repurchase contracts and lending of securities. Securities purchased under contracts with an obligation to resell ("reverse REPO agreements") which actually ensure creditor's profitability to the Group are recorded within reverse repurchase agreements. The difference between the sale and repurchase prices adjusted for interest and dividend income received by the counterparty is recognised as interest income over the term of the REPO agreement using the effective interest method.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

Consolidated financial reporting under IFRS requires that management use judgements, assumptions and accounting estimates that affect how accounting policies are applied and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. All assumptions and estimates made based on them are constantly reviewed for a need for changes. Changes in accounting estimates are recognised in the reporting period in which these estimates were revised and in all subsequent periods affected by these changes.

As the Group management applied the accounting policy, it applied the following judgements that have the most significant impact on the amounts recognised in the consolidated financial statements.

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

Identification of the Group consolidation perimeter. When preparing these consolidated financial statements in accordance with IFRS, the Group's management applied its judgement to identify the consolidation perimeter. As at 31 December 2020 and 31 December 2021, the subsidiaries were consolidated based on the Company's interest in the equity of these subsidiaries or based on control according to option agreements providing for the right to acquire the controlling interest signed after incorporation of the parent company (Notes 31, 32).

Option agreements with owners of subsidiaries provide to the parent company the right to the controlling interest. These agreements represent real rights providing control over entities in respect of which the Company has the right to acquire the controlling interest based on the following:

- there are no barriers which would prevent execution of such option agreements, as the selling price of each option agreement is significantly lower than the fair value of the interest; there are no financial sanctions or incentives which would prevent the exercise of its rights by the Company; these agreements could be implemented any time from the date of signing thereof;
- exercise of the right does not require agreement of several parties, and only one party is the holder of the right;
- as a result of exercising the right, the Company receives a benefit.

Option agreements with owners of subsidiaries granting the right to purchase a controlling interest in subsidiaries are classified as equity instruments, since the conditions of paragraph 16 of IAS 32 are met, including the condition that this financial instrument is settled only by exchanging a fixed amount of cash for a fixed number of the subsidiary's own equity instruments Therefore, option agreements are valued at cost, which is their nominal value.

Valuation of investment properties. In accordance with the accounting policy, the Group recognises its investment property at fair value based on independent appraisals and management's estimates. These estimates are associated with using the techniques that require professional judgement to project future cash flows and develop other assumption to be used.

Investment property comprises the shopping mall buildings, non-residential general-purpose premises on the ground floors of residential buildings built by the Group, car parks in residential complexes, kindergartens and land plots intended for buildings that represent investment property, and general-purpose land plots for future use.

The management determined the fair value of land included in the Group's investment property using the market approach, in particular the sales comparison method, which involves a review of available market data on sales offers of comparable properties in the city of Kazan in the Russian Federation, and making adjustments to these prices to reflect the differences between the properties offered and the land plots owned by the Group. The key assumptions in the fair value measurement models include adjustments of comparable selling prices: negotiated discount, adjustment for permitted use, adjustment for surface area (with a drag coefficient), adjustment for location.

The fair value of the shopping mall building, non-residential premises, car parks and the kindergarten where no active market is available, was measured using the income approach. The fair value of real properties for which a sufficient number of offers to sell and lease comparable properties was found, and the technical characteristics of which were reliably determined, was calculated using both the market approach and the income approach. The main assumption applied to determine the fair value of the properties above is the discount rate set in reports of independent appraisers.

The assumptions that were applied by the Group's management to determine the fair value of investment properties were applied at a specific moment of time and depend on market conditions (Note 12).

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

Revenue recognition

The Group has assessed whether, for a co-investment agreement that involves the transfer of a land plot and a building that the Group constructs on such land plot, the promise to transfer the land plot is a separate performance obligation. The Group concluded that the promise to transfer the land does not represent a separate performance obligation, as criteria of distinctness are not satisfied:

- the customer cannot benefit from the land on its own;
- the customer cannot obtain the construction services from the Group or another developer without any transfer of land;
- the land and the building are highly interdependent and highly interrelated, so that the Group is not able to fulfil its promise to transfer the land if it did not construct the building.

Revenue from co-investment agreements is recognised by the Group over time by measuring the progress towards complete satisfaction of performance obligation, using the input method. The Group applies the percentage of completion method in accounting for co-investment agreements. The use of the percentage of completion method requires the Group to estimate the construction performed to date as a proportion of the costs actually incurred to the total costs. This method appropriately depicts the Group's performance in transferring control of the property promised to a customer.

Although the sale of land is not a distinct performance obligation in the contract with the customer, the cost of land that is individually significant is excluded from both costs incurred to date and total costs for the purposes of determining the percentage of completion. It was considered that otherwise the percentage of completion would not depict the Group's progress in satisfaction of its performance obligation. This adjusted percentage of completion is applied to determine the amount of revenue to be recognised in the reporting period.

5 Adoption of New or Revised Standards and Interpretations

The following revised standards became effective from 1 January 2021, but did not have any material impact on the Group:

- COVID-19-Related Rent Concessions Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the Group has not early adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The amendments will not have any impact on the Group's consolidated financial statements.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023 by the Amendments to IFRS 17 as discussed below). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately. The amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services:* Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

6 New Accounting Pronouncements (Continued)

- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument The Group is currently assessing the impact of the amendments on its consolidated financial statements.

6 New Accounting Pronouncements (Continued)

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the COVID-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

6 New Accounting Pronouncements (Continued)

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies(issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

6 New Accounting Pronouncements (Continued)

Deferred tax *related to assets and liabilities arising from a single transaction – Amendments to IAS 12* (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

7 Share-Based Payments

In 2021, the Group launched an option plan for the Company's top management. The plan includes two types of agreements which provide for settlement in equity instruments: an agreement on selling shares at a nominal price and an agreement on selling shares at an estimated price based on the Group's EBITDA. The plan for the EBITDA-based agreements covers three years. Under this agreement, shares are transferred in tranches, with the amount of each tranche depending on the employees' performance against the set KPIs. The plan covers six top managers to whom 676 shares and 124 shares were transferred under the above agreements, respectively, during 2021.

The fair value of the shares and share options was calculated using the discounted cash flows. The discounted cash flows were calculated separately for each project of the Group. The discount rates applied ranged from 14.14% to 17.14%. Liquidity discount of 24.3% and lack-of-control discount of 6.5% were also applied.

Expenses accrued during 2021 totalled RUB 254 million and were reported within selling and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

8 Business Combination and Acquisition of Assets

On 14 December 2021, the Group acquired 70% in closed-end mutual investment fund (ZPIF) Vremya Dlya Glavnogo from the ultimate controlling party. This transaction was recorded as acquisition of a group of assets which do not represent a business. ZPIF Vremya Dlya Glavnogo was set up for the purpose of purchasing and selling land plots. After acquisition of ZPIF Vremya Dlya Glavnogo by the Group, there has been no change in its operations.

Contractual relationships, which existed before the acquisition date, namely accounts payable to the Group for previously purchased land plots of RUB 177 million and a loan of RUB 267 million received from the Group were not included in the consideration at the acquisition date and were offset.

At the acquisition date, the fair value of the consideration amounted to RUB 148 million, which was paid in cash.

8 Business Combination and Acquisition of Assets (Continued)

The amount of consideration was subsequently allocated to identifiable assets and liabilities as follows: financial assets and liabilities were measured at fair value and their amount was deducted from the total acquisition cost. The remaining amount was allocated to assets and liabilities pro-rata to their fair values. As a result of this transaction, the Group recognised inventory (land plots) of RUB 158 million, accounts receivable of RUB 298 million, accounts payable of RUB 169 million and cash and cash equivalents of RUB 1 million.

Following acquisition of ZPIF Vremya Dlya Glavnogo, a non-controlling interest of RUB 140 million measured in proportion to identifiable assets was recognised.

On 27 December 2021, the Group acquired control over AIJ Holdings Limited by entering into option agreements to purchase 100% of its share capital. This transaction represents acquisition of a subsidiary under common control. The core activity of AIJ Holdings Limited is investment in equity of other entities.

Acquired assets and liabilities of AIJ Holdings Limited are presented below:

In millions of Russian roubles	**Note**	**Attributed fair value**
Cash and cash equivalents		29
Loans originated		15
Investments	14	1,195
Borrowings*		(1,516)
Trade and other payables		(3)
Fair value of identifiable net assets of subsidiary		**(280)**

Following acquisition of AIJ Holdings Limited, a non-controlling interest of RUB (280) million measured in proportion to identifiable assets was recognised.

* Contractual relationships, which existed prior to the acquisition date, namely a loan of RUB 1,277 million received from the Group, were offset after the acquisition of control.

9 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM of the Group is represented by the directors of the commercial and residential real estate segments, the Board of Directors and the CEO of the Group.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of three main business segments:

- Segment 1 – operations related to residential real estate;
- Segment 2 – operations related to commercial real estate;
- Segment 3 – other operations.

9 Segment Information (Continued)

(b) Factors used by management to identify and estimate reportable segments

The Group's segments are strategic business units that focus on different customers and are managed separately.

For the purpose of making decisions to allocate resources and assess their performance, management performs separate monitoring of information about profit or loss of the above segments. For the purpose of decision-making, only segment profit or loss is used, as management believes that such information is most relevant when assessing performance of individual segments in comparison to other entities operating in the same industries. Such performance indicator is calculated based on the data presented in the consolidated financial statements prepared in accordance with IFRS.

(c) Information about reportable segment profit or loss

Segment information for the reportable segments for the year ended 31 December 2021 is set out below:

In millions of Russian roubles	**Segment 1**	**Segment 2**	**Segment 3**	**Total**
Revenue, including:	18,325	2,340	154	20,819
Over time:	*15,571*	*108*	*145*	*15,824*
revenue under co-investment agreements	*15,405*	*-*	*-*	*15,405*
revenue from provision of hospitality services	*-*	*77*	*-*	*77*
revenue from other operations	*166*	*31*	*145*	*342*
Point in time:	*2,725*	*649*	*-*	*3,374*
revenue from sales of real estate items	*2,725*	*506*	*-*	*3,231*
revenue from provision of other hospitality services	*-*	*143*	*-*	*143*
Rental income	*29*	*1,583*	*9*	*1,621*
Cost of sales	(10,533)	(975)	-	(11,508)
Gross profit	7,792	1,365	154	9,311
Finance income	50	117	105	272
Finance costs	(439)	(462)	(297)	(1,198)
Net profit / (loss)	5,151	754	(1,309)	4,596

Segment information for the reportable segments for the year ended 31 December 2020 is set out below:

In millions of Russian roubles	**Segment 1**	**Segment 2**	**Segment 3**	**Total**
Revenue, including:	16,765	1,300	102	18,167
Over time:	*13,299*	*93*	*97*	*13,489*
revenue under co-investment agreements	*13,157*	*-*	*-*	*13,157*
revenue from provision of hospitality services	*-*	*33*	*-*	*33*
revenue from other operations	*142*	*60*	*97*	*299*
Point in time:	*3,429*	*575*	*-*	*4,004*
revenue from sales of real estate items	*3,429*	*498*	*-*	*3,927*
revenue from provision of other hospitality services	*-*	*77*	*-*	*77*
Rental income	*37*	*632*	*5*	*674*
Cost of sales	(9,563)	(724)	(4)	(10,291)
Gross profit	7,202	576	98	7,876
Finance income	39	96	22	157
Finance costs	(540)	(163)	(89)	(792)
Net profit / (loss)	5,322	108	(359)	5,071

9 Segment Information (Continued)

The table below presents adjusted earnings before interest, taxes, depreciation, and amortisation (adjusted EBITDA) for 2021:

In millions of Russian roubles	**Segment 1**	**Segment 2**	**Segment 3**	**Total**
Profit and total comprehensive income for the reporting period	5,151	754	(1,309)	4,596
Plus: depreciation of property, plant and equipment and right-of-use assets	46	52	27	125
Plus: income tax and tax of entities subject to simplified taxation regime	471	128	527	1,126
Plus: finance costs	439	462	297	1,198
Plus: loss from revaluation of investment property and assets held for sale				
Less: gain from revaluation of investment property and assets held for sale	(24)	(150)	-	(174)
Less: financial component recorded within revenues	(77)	-	-	(77)
Less: finance income	(50)	(117)	(105)	(272)
Adjusted EBITDA	**5,956**	**1,129**	**(563)**	**6,522**

The table below presents adjusted earnings before interest, taxes, depreciation, and amortisation (adjusted EBITDA) for 2020:

In millions of Russian roubles	**Segment 1**	**Segment 2**	**Segment 3**	**Total**
Profit and total comprehensive income for the reporting period	5,322	108	(359)	5,071
Plus: depreciation of property, plant and equipment and right-of-use assets	52	19	33	104
Plus: income tax and tax of entities subject to simplified taxation regime	(37)	(27)	42	(22)
Plus: finance costs	540	163	89	792
Plus: loss from revaluation of investment property and assets held for sale				
Less: gain from revaluation of investment property and assets held for sale	-	(22)	-	(22)
Less: financial component recorded within revenues	(174)	-	-	(174)
Less: finance income	(39)	(96)	(22)	(157)
Adjusted EBITDA	**5,664**	**145**	**(217)**	**5,592**

Developments caused by the pandemic of coronavirus infection, and measures implemented had mixed effect on the segments of the Group's operations. Construction of residential real estate was not significantly affected, among other things, because of the measures taken by the Russian government to subsidise mortgage lending rates for the public. Also, the Group's management has developed and implemented activities aimed at creating a remote sales office, which allows purchasing residential real estate remotely. The volume of the Group's sales was maintained at a stable level.

Introduction of mandatory vaccination and QR codes in November 2021 slightly reduced shopping mall traffic but did not have a significant effect on revenues and net profits which increased by RUB 1,040 million and RUB 646 million, respectively, compared to 2020. This increase was largely caused by the commencement of the full-scale operation of KazanMall shopping centre (Segment 2).

9 Segment Information (Continued)

(d) Analysis of revenue by products and services

The Group's revenue breakdown by product and service is provided in Note 25.

(e) Geographical information

The Group's revenue was generated from operations in the Russian Federation.

(f) Major customers

Revenues from customers which represent 10% or more of the total revenues are as follows:

In millions of Russian roubles	**Segment 1**	**Segment 2**	**Segment 3**	**Total**
2020				
Customer 1	2,179	-	-	2,179
Total revenues for 2020	**2,179**	**-**	**-**	**2,179**

There were no customers which represented 10% or more of the total revenues for 12 months of 2021.

10 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The parties with ultimate control over the Company are participants represented by members of the Gilfanov family: the spouses and their sons (Note 1). As at 31 December 2021 and 31 December 2020, and for the years 2021 and 2020 no material transactions with close relatives, other than Gilfanov family, were performed. As at 31 December 2021, 31 December 2020 and for the periods then ended, "Other related parties" include entities under common control of the Gilfanov family and the entities under control of the members of key management personnel.

During 2021, transactions related to business combination and acquisition of assets (Note 8) were performed with the ultimate controlling parties.

10 Balances and Transactions with Related Parties (Continued)

At 31 December 2021, the outstanding balances with related parties were as follows:

In millions of Russian roubles	**Parties with ultimate control**	**Key management personnel**	**Other related parties**
Loans originated	-	-	114
Receivables under co-investment agreements and real estate purchase and sale agreements	-	11	2,320
Advances issued for construction	-	-	134
Lease receivables	-	-	47
Other receivables	1	10	104
ECL allowance	-	-	(7)
Prepayments	6	-	24
Borrowings	-	-	(29)
Payables under agency contracts	(6)	-	-
Payables to suppliers	(22)	-	(6)
Other payables	(2)	-	(334)
Advances received	-	-	(46)
Lease liabilities	-	-	(4)
Provision for compensation	-	(64)	-

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

In millions of Russian roubles	**Parties with ultimate control**	**Key management personnel**	**Other related parties**
Revenue from sales of real estate items	-	21	760
Rental income	-	-	46
Revenue from other operations	4	1	142
Other income	-	11	10
Finance income	-	-	54
Construction expenses	-	-	(34)
Acquisition of assets	-	-	(6)
Consulting and information services	-	-	(12)
Expenses on services of the managing company	-	-	(17)
Other selling and administrative expenses	(6)	(2)	(35)
Dividends	(1,600)	-	-
Other transactions with owners*	(431)	-	-
Finance costs	-	-	(51)

In millions of Russian roubles	**Parties with ultimate control**	**Key management personnel**	**Other related parties**
Rental expenses	-	(1)	(26)
Short-term compensation to key management personnel	-	(259)	-
Share options issued		(254)	

10 Balances and Transactions with Related Parties (Continued)

At 31 December 2020, the outstanding balances with related parties were as follows:

In millions of Russian roubles	**Parties with ultimate control**	**Key management personnel**	**Other related parties**
Loans originated	-	-	1,073
Receivables under co-investment agreements and real estate purchase and sale agreements	-	11	2,756
Advances issued for construction	-	-	28
Lease receivables	-	-	19
Contract assets	-	2	729
Other receivables	79	1	69
ECL allowance	-	-	(6)
Prepayments	6	-	63
Borrowings	-	-	(101)
Liabilities under co-investment agreements	-	-	(28)
Payables under agency contracts	(4)	-	-
Payables to suppliers	-	-	(3)
Other payables	(1)	-	(64)
Advances received	-	-	(40)
Lease liabilities	-	-	(13)

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

In millions of Russian roubles	**Parties with ultimate control**	**Key management personnel**	**Other related parties**
Revenue from sales of real estate items	-	16	3,950
Rental income	-	-	53
Revenue from other operations	4	1	147
Other income	-	-	4
Finance income	-	-	62
ECL allowance	-	-	-
Construction expenses	-	-	(46)
Acquisition of assets	-	(1)	(61)
Consulting and information services	-	-	(23)
Expenses on services of the managing company	-	-	(24)
Other selling and administrative expenses	-	(6)	(50)
Dividends	(62)	-	-
Other transactions with owners*	(255)	-	-
Finance costs	-	(1)	(124)
Rental expenses	-	-	(44)
Short-term compensation to key management personnel	-	(79)	-

*Other transactions with owners include income received by owners as a result of their purchases and sales of real estate items with the Group on terms that may be considered as non-arm's length.

10 Balances and Transactions with Related Parties (Continued)

At 31 December 2021, for loans received by the Group amounting to RUB 4,420 million (31 December 2020: RUB 7,000 million), its related parties provided guarantees for the amount of RUB 4,420 million and collateral for the amount of RUB 868 million (31 December 2020: RUB 7,000 million and RUB 976 million, respectively).

During years 2021 and 2020 and as at 31 December 2021 and 31 December 2020, option agreements with the owners of subsidiaries were signed for acquisition of controlling interests in the equity of these subsidiaries. The aggregate amount of signed option agreements was less than RUB 1 million as at 31December 2021 and 31 December 2020 (Notes 4, 32).

As at 31 December 2021, the key management personnel included the Company's Chief Executive Officer, Residential Real Estate Director, Commercial Real Estate Director, Chief Finance Officer, Internal Audit Officer, Investment Officer, Transformation Officer, Deputy Chief Executive Officer, Chief Operations Officer and Chief Commercial Officer.

As at 31 December 2020, the key management personnel included the Company's Chief Executive Officer, Residential Real Estate Director, Commercial Real Estate Director, Chief Finance Officer, Internal Audit Officer, Investment Officer, Transformation Officer and Deputy Chief Executive Officer.

11 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of Russian roubles	**Land**	**Buildings and facilities**	**Machinery and equipment**	**Other**	**Construction in progress**	**Total**
Initial cost at 1 January 2020	62	930	315	114	496	1,917
Accumulated depreciation and impairment	(6)	(344)	(148)	(42)	-	(540)
Carrying amount at 1 January 2020	**56**	**586**	**167**	**72**	**496**	**1,377**
Additions	-	-	-	106	445	551
Reclassification from investment property	-	5	-	-	-	5
Reclassification from inventories	-	-	-	-	7	7
Reclassification to inventories	-	-	-	-	(21)	(21)
Reclassifications between groups	2	114	85	-	(201)	-
Disposals	-	(4)	(8)	(7)	(5)	(24)
Depreciation	-	(32)	(27)	(27)	-	(86)
Impairment charge to profit or loss	-	(61)	(4)	-	(34)	(98)
Initial cost at 31 December 2020	64	1,047	384	210	721	2,426
Accumulated depreciation and impairment	(6)	(439)	(171)	(66)	(33)	(715)

11 Property, Plant and Equipment (continued)

In millions of Russian roubles	Land	Buildings and facilities	Machinery and equipment	Other	Construction in progress	Total
Carrying amount at 1 January 2021	**58**	**608**	**213**	**144**	**688**	**1,711**
Additions	28	74	30	174	159	465
Reclassification from investment property	-	6	-	-	-	6
Reclassification to investment property and non-current assets held for sale	(38)	-	-	-	(87)	(125)
Reclassification to inventories	-	-	-	-	(166)	(166)
Reclassifications between groups	-	74	28	-	(102)	-
Disposals	(28)	(284)	-	(15)	(55)	(382)
Depreciation	-	(25)	(29)	(58)	-	(112)
Impairment charge to profit or loss	-	(107)	-	-	(184)	(291)
Initial cost at 31 December 2021	**24**	**918**	**442**	**369**	**471**	**2,224**
Accumulated depreciation and impairment	**(4)**	**(572)**	**(200)**	**(124)**	**(218)**	**(1 118)**
Carrying amount at 31 December 2021	**20**	**346**	**242**	**245**	**253**	**1,106**

Change of designation of some assets in 2021 and 2020 resulted in reclassification of such assets from “Investment property” to “Property, plant and equipment” and to reclassification in 2021 from “Property, plant and equipment” to “Investment property” and “Non-current assets held for sale”. Inclusion of assets in “Property, plant and equipment” was caused by recognising in the accounting books of utility infrastructure facilities in the Tsarevo residential complex in connection with its commissioning. Reclassification from “Property, plant and equipment” to “Investment property” and “Non-current assets held for sale” is explained by the Group’s decision to sell the above assets to third parties and by the commissioning.

Major part of the disposed property, plant and equipment relates to the sale of the Ramada hotel complex in Kazan in December 2021, the sale price of which amounted to RUB 585 million and the carrying amount – RUB 332 million. Thus, the result of the above transaction is RUB 253 million (Note 27).

Construction in progress mainly consists of heating lines (to deliver heating agent and hot water supply to residential complexes); wastewater treatment facilities (to collect and treat domestic sewage from residential complexes); water intake structures (for storage and domestic/potable and fire water supply) and external storm water drainage. Upon completion of work, those assets are to be transferred to Buildings and Facilities, Machinery and Equipment.

As at 31 December 2021, there were no buildings, land or equipment pledged to third parties as collateral for borrowings (31 December 2020: RUB 6 million). (Note 30).

11 Property, Plant and Equipment (continued)

In 2020 and 2021, indicators of impairment were identified for utility infrastructure. The main assets of this category are networks of engineering and technical support of residential complexes located in the Republic of Tatarstan: boiler equipment, water supply and sewerage networks. Based on the testing results, an impairment of the engineering and technical support networks was recognised in the amount of RUB 291 million as part of the cost (31 December 2020: RUB 98 million).

Were the estimated useful lives of property, plant and equipment to differ by 10% from management's estimates, the impact on depreciation charges would be to decrease it by RUB 12 million or increase by RUB 15 million (2020: decrease by RUB 10 million or increase by RUB 11 million respectively).

12 Investment Property and Non-Current Assets Held for Sale

In millions of Russian roubles	**2021**	**2020**
Investment property at fair value at 1 January	**9,933**	**5,032**
Additions	90	-
Reclassification from construction in progress	1,105	5,511
Disposals	(937)	(361)
Reclassification to inventories	-	(214)
Reclassification to non-current assets held for sale	(303)	(52)
Reclassification from property, plant and equipment	76	
Reclassification to property, plant and equipment	(6)	(5)
Reclassification from inventories	52	-
Gain from fair value revaluation	174	22
Investment property at fair value at 31 December	**10,184**	**9,933**

Movements in construction in progress within investment property are presented below:

In millions of Russian roubles	**2021**	**2020**
Investment property at 1 January	**477**	**4,047**
Additions	966	1,639
Capitalised borrowing costs	31	361
Disposals	-	(41)
Reclassification from property, plant and equipment	11	
Reclassification to inventories	(7)	(18)
Commissioning	(1 105)	(5 511)
Investment property at 31 December	**373**	**477**

Reclassification of assets is mostly explained by changes in the permitted use of land plots as a result of approval of management's plans, including subdivision of land plots. The land plots designated for construction of residential property and commercial property held for sale are reclassified to "Inventory"; the land plots without definite designation and designated for construction of commercial property are recorded within "Investment property". Investment properties available for immediate sale for which active efforts are being taken to sell them at a reasonable price, and the sale is expected within one year, are recorded within "Non-current assets held for sale".

12 Investment Property and Non-Current Assets Held for Sale (Continued)

In 2021, the Udacha Retail Park, a multi-storey parking lot in the residential complex "Vesna" and a private school building in the ART City residential complex were put into operation. In 2020 major amount of the reclassification of construction in progress to investment property related to the KazanMall shopping and entertainment centre in Kazan, which was opened in November 2020.

The investment properties are valued at each reporting date at fair value by an independent, professionally qualified valuator who has recent experience in valuing similar properties in the Russian Federation.

As at 31 December 2021, a significant assumption was made in respect of the income approach to value major projects of the Group: the discount rate of 16.2%-17.67% was set (31 December 2020: 14.51%-17.04%).

In view of significant uncertainty associated with the measurement of future cash flows, management performed a sensitivity analysis of fair value. It was established that if the discount rate were to change by 1% in 2021, the carrying amount of investment property would have increased by RUB 642 million or decreased by RUB 555 million (2020: increased by RUB 602 million or decreased by RR 522 million).

In respect of construction in progress at various stages, permits from controlling bodies are required, including at the stages of original design approval, zoning, commissioning, etc. Based on the Group's historic experience in similar projects with similar location, it is expected that all necessary permits and approvals will be received, however, the date when the construction is completed may vary, specifically, depending on timely obtained permits or any actions to correct inconsistencies which may be required from the Group.

During 2021, the Group capitalised its borrowing costs amounting to RUB 31 million, with capitalisation rate of 6.5% (2020: RUB 361 million, capitalisation rate of 8.6%) within "Investment property".

Direct operating expenses recognised in profit or loss include RUB 365 million (2020: RUB 165 million) relating to investment property that generated rental income. Rental income from investment property is presented in Note 25.

At 31 December 2021, investment property with a carrying value of RUB 8,509 million (31 December 2020: RUB 8,020 million) was pledged to third parties as collateral for borrowings (Note 30).

As at 31 December 2021 and 31 December 2020, the Group had no contractual obligations related to purchase, construction or development of investment properties or to their repairs, current maintenance or improvement.

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

In millions of Russian roubles	**2021**	**2020**
1st year	161	189
2nd year	163	198
3rd year	168	206
4th year	176	211
5th year	183	211
Later than 5 years	1,393	1,188
Total operating lease payments receivable at 31 December	**2,244**	**2,203**

12 Investment Property and Non-Current Assets Held for Sale (Continued)

Movements of non-current assets held for sale are presented in the table below:

In millions of Russian roubles	**2021**	**2020**
Cost of non-current assets held for sale at 1 January	**52**	**7**
Reclassification from investment property	303	52
Reclassification from property, plant and equipment	38	-
Disposal	(42)	(7)
Cost of non-current assets held for sale at 31 December	**351**	**52**

The ART Retail and Office Centre account for major amount of non-current assets held for sale. The decision to sell the asset was made in August 2021, as at the date of the financial statements' issue, the sale has not yet taken place.

13 Advances Issued for Construction

Advances issued for construction within non-current assets

In millions of Russian roubles	**31 December 2021**	**31 December 2020**
Advances issued for construction of investment property	61	34
Advances issued for construction of property, plant and equipment	65	78
Less: doubtful debt provision	(4)	(3)
Total advances issued	**122**	**109**

Advances issued for construction within current assets

In millions of Russian roubles	**31 December 2021**	**31 December 2020**
Advances issued for construction of residential and commercial properties held for sale	1,041	327
Less: doubtful debt provision	(23)	(11)
Total advances issued	**1,018**	**316**

The increase in advances issued for construction as at 31 December 2021 is due to a significant increase in the construction of new residential complexes.

14 Investments

Long-term investments

In millions of Russian roubles	31 December 2021	31 December 2020
Investments measured at amortised cost		
Loans originated to third parties	349	232
Loans originated to related parties	1	752
Other investments	48	7
Less expected credit loss allowance	(2)	(2)
Investments at fair value though profit or loss		
Equity financial instruments	1,104	-
Total	**1,500**	**989**

Short-term investments

In millions of Russian roubles	31 December 2021	31 December 2020
Investments measured at amortised cost		
Loans originated to third parties	255	205
Loans originated to related parties	137	321
Promissory notes	-	32
Other investments	3	8
Less expected credit loss allowance	(2)	(2)
Investments at fair value though profit or loss		
Investments in securities fund	-	349
Other investments	91	-
Total	**484**	**913**

Equity financial instruments at fair value through profit or loss were recognized as part of the transaction on acquiring control over AIJ Holdings Limited (Note 8). These equity financial instruments represent non-floatable investments in the share capital of uncontrolled entities.

As at 31 December 2020 investments in the securities fund were represented by debt financial assets in the form of investments in investment funds purchased through the Bank. These investments are measured at fair value determined by the bank based on the market value of the fund's instruments and the Group's share in this fund.

As at 31 December 2021 investments of RUB 91 million were pledged as security for borrowings (at 31 December 2020: there were no investments pledged as security) (Note 30).

14 Investments (Continued)

Movements in credit loss allowance for the loans issued in 2021 are presented below:

	Expected credit loss allowance				Gross carrying amount			
In millions of Russian roubles	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Loans originated to third parties								
At 31 December 2020	**-**	**(1)**	**(3)**	**(4)**	**1,506**	**1**	**3**	**1,510**
Movements with impact on expected credit loss allowance charge for the period:								
Transfer:								
New originated or purchased	-	-	-	-	1,358	-	-	1,358
Business combinations (Note 8)	-	-	-	-	15	-	-	15
Derecognised during the period	-	-	-	-	-	-	-	-
Total movements with impact on expected credit loss allowance charge for the period	**-**	**-**	**-**	**-**	**1,373**		**-**	**1,373**
Movements without impact on expected credit loss allowance charge for the period:								
Disposals	-	-	-	-	(864)	-	-	(864)
Business combinations (Note 8)	-	-	-	-	(1,277)	-	-	(1,277)
At 31 December 2021	**-**	**(1)**	**(3)**	**(4)**	**738**	**1**	**3**	**742**

14 Investments (Continued)

Movements in credit loss allowance for the loans originated in 2020 are presented below:

	Expected credit loss allowance				Gross carrying amount			
In millions of Russian roubles	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Loans originated to third parties								
At 31 December 2019	**-**	**(1)**	**(14)**	**(15)**	**1,231**	**1**	**14**	**1,246**
Movements with impact on expected credit loss allowance charge for the period:								
Transfers:								
New originated or purchased	-	-	-	-	1,284	-	-	1,284
Derecognised during the period	-	-	11	11	-	-	(11)	(11)
Total movements with impact on expected credit loss allowance charge for the period	**-**	**-**	**11**	**11**	**1284**		**(11)**	**1,273**
Movements without impact on expected credit loss allowance charge for the period:								
Disposals	-	-	-	-	(1,009)	-	-	(1,009)
At 31 December 2020	**-**	**(1)**	**(3)**	**(4)**	**1,506**	**1**	**3**	**1,510**

Promissory notes as at 31 December 2020 were received from banks with credit rating Baa3 for the amount of RUB 32 million

15 Reverse REPO agreement

In December 2021 the Group signed a reverse REPO agreement for a period of 7 days. As at 31 December 2021 cash of RUB 1,000 million was transferred under the reverse REPO agreement. The interest rate under the agreement is 8.7%. The fair value of securities received under the reverse REPO agreement was RUB 1,128 million as at 31 December 2021.

16 Inventories

In millions of Russian roubles	31 December 2021	31 December 2020
Construction in progress	10,227	8,964
Finished goods	1,730	939
Goods	10	113
Other inventories	70	61
Total inventories	**12,037**	**10,077**

The increase in inventories as at 31 December 2021 is primarily due to the business combinations (Note 8) and the start of construction of new residential complexes.

As at 31 December 2021, inventories of RUB 2,688 million were pledged as security for borrowings (31 December 2020: RUB 2,506 million). (Note 30).

As at 31 December 2021 and 31 December 2020, the cost of inventories did not exceed their net realisable value.

Cost of inventories recognised as expense over the period represents the cost of sales in the amount of RUB 10,419 million (2020: RR 9,225 million). Other material costs over the period amount to RUB 415 million (2020: RUB 123 million).

17 Trade and Other Receivables

Trade and other receivables within non-current assets

In millions of Russian roubles	31 December 2021	31 December 2020
Receivables under co-investment agreements	121	224
Finance lease receivables	83	211
Lease receivables	-	2
Other financial receivables	24	55
Less expected credit loss allowance	(13)	(5)
Total financial assets within receivables	***215***	***487***
Total trade and other receivables	**215**	**487**

17 Trade and Other Receivables (Continued)

Trade and other receivables within current assets

In millions of Russian roubles	31 December 2021	31 December 2020
Receivables under co-investment agreements and real estate purchase and sale agreements	3,451	3,187
Lease receivables	201	198
Finance lease receivables	25	30
Receivables arising from agency contracts	22	1
Other financial receivables	189	267
Less expected credit loss allowance	(145)	(142)
Total financial assets within receivables	***3,743***	***3,541***
Prepayments	318	318
Other receivables	122	205
Less provision for impairment	(15)	(61)
Total non-financial assets within receivables	***425***	***462***
Total trade and other receivables	**4,168**	**4,003**

Receivables under co-investment agreements represent amounts due from customers under the terms of signed agreements. These accounts receivable are secured by real estate assets constructed and sold by the Group.

Prepayments are represented by advances issued to suppliers for the services to be provided under signed agreements.

Movements in the expected credit loss allowance for trade and other receivables are presented in the table below:

In millions of Russian roubles	Expected credit loss allowance for 2021	Expected credit loss allowance for 2020
Balance at 1 January	**147**	**173**
New originated or purchased	89	75
Changes in estimates and assumptions	(58)	(61)
Financial assets derecognised during the period	(20)	(40)
Balance at 31 December	**158**	**147**

18 Contract Assets

The Group recognised the following assets and liabilities arising from contracts with customers:

In millions of Russian roubles	31 December 2021	31 December 2020
Current contract assets from contracts with customers	7,557	5,545
Total current contract assets	**7,557**	**5,545**

An increase in current contract assets from contracts with customers for 2021 is explained by a high number of agreements signed with the use of escrow accounts. The agreements with the use of escrow accounts signed during 2021 amounted to RUB 17,271 million (in 2020: RUB 13,911 million). Due to the fact that assets under agreements with customers arise as part of the execution of co-investment agreements using escrow accounts, these assets are considered by the Group as collateralized.

19 Cash and Cash Equivalents

In millions of Russian roubles	31 December 2021	31 December 2020
Cash on hand	1	1
Current bank account balances	2,625	359
Demand deposits	1,343	680
Total cash and cash equivalents	**3,969**	**1,040**

The credit quality of cash and cash equivalents may be summarised as follows:

In millions of Russian roubles		31 December 2021	31 December 2020
Current bank balances			
Rating	**Rating agency**		
Ba2	Moody's	1,467	101
A1	Moody's	939	-
Baa3	Moody's	170	231
Ba1	Moody's	33	1
BB-(RU)	ACRA	14	22
ruBBB-	Expert RA	2	-
ruBB+	Expert RA	-	2
BB+(RU)	ACRA	-	1
Aa3	Moody's	-	1
Demand deposit balances			
Rating	**Rating agency**		
Baa3	Moody's	614	349
Ba2	Moody's	625	289
Ba1	Moody's	100	-
BB-(RU)	ACRA	4	42
Other cash		**1**	**1**
Total cash and cash equivalents		**3,969**	**1,040**

19 Cash and Cash Equivalents (Continued)

Cash balances on escrow accounts (for reference)

In millions of Russian roubles	31 December 2021	31 December 2020
Escrow accounts	12,928	8,512

Cash balances on escrow accounts not included in the Group's consolidated statement of financial position represent funds received by the authorised bank from the accounts' holders being participant of co-investment construction (property buyers) as a payment of the co-investment agreement price. Cash on escrow accounts is placed with authorised banks with Baa3, Ba2 and Ba1 credit ratings at the scale of Moody's rating agency (31 December 2020: with authorised banks with Baa3 and Ba2 credit rating at the scale of Moody's rating agency).

20 Letters of Credit

At 31 December 2021, the Group's letters of credit of RUB 1,527 million are opened with banks with Baa3 and Ba2 credit ratings at the scale of Moody's rating agency (31 December 2020: in the amount of RUB 2,736 million are opened with banks with Baa3 and Ba2 credit rating at the scale of Moody's rating agency) and are issued in accordance with the terms of lending accepted in that bank, for the purpose of project finance of property under construction.

21 Equity

On 19 February 2021 reorganization was carried out in the form of transformation of LLC G-group into JSC G-group. As a result of the reorganization, the participant's stake was converted into ordinary shares, while the share of the participant in the share capital did not change.

As at 31 December 2021 the Company's share capital is fully paid up and amounts to RUB 50 million. The share capital is divided into 50,000 ordinary shares with a nominal value of RR 1,000 each. Each ordinary share carries one vote. In connection with the launch of the option program about 1.8% shares were transferred to the Company's top management in 2021 (Note 7). As a result the parent's interest in the Group reduced by 1.8%. As at 31 December 2020, the share capital was fully paid up.

During 2021 and 2020, the following dividends were accrued and paid, and the following other transactions were carried out with owners (Note 10):

In millions of Russian roubles	2021	2020
Accounts payable at 1 January	**11**	**-**
Dividends distributed during the year in favour of the Group owners	600	62
Dividends distributed during the year in favour of the non-controlling interest	1,041	55
Other transactions with owners (Note 10)	431	255
Dividends paid during the year	(1,652)	(106)
Cash paid in relation to other transactions with owners	(431)	(255)
Accounts payable at 31 December	**-**	**11**

In 2021 the amount of dividends per the Company's share was RUB 11,600 (calculated for dividends paid after the reorganisation).

22 Borrowings

Long-term borrowings

In millions of Russian roubles	31 December 2021	31 December 2020
Bank borrowings	7,443	7,282
Bonded loan	3,253	877
Borrowings	100	104
Total long-term borrowings	**10,796**	**8,263**

Short-term borrowings and current portion of long-term borrowings

In millions of Russian roubles	31 December 2021	31 December 2020
Bank borrowings	7,967	8,157
Bonded loan	641	100
Borrowings	249	95
Total short-term borrowings	**8,857**	**8,352**
Total	**19,653**	**16,615**

The table below presents movements in borrowings.

In millions of Russian roubles	Note	Borrowings
Liabilities from financing activities as at 1 January 2020		**9,618**
Cash inflow from borrowings		12,961
Cash inflow from bonds placement		977
Cash repayments, including interest paid		(7,752)
Repayment of coupon yield on bonds		(62)
Interest accrued on borrowings		803
Interest accrued on bonds		70
Liabilities from financing activities as at 31 December 2020		**16,615**
Cash inflow from borrowings		11,025
Cash inflow from bonds placement		3,000
Cash repayments, including interest paid		(12,023)
Repayment of bond interest		(208)
Interest accrued on borrowings		740
Interest accrued on bonds		259
Business combination	8	245
Liabilities from financing activities as at 31 December 2021		**19,653**

The Group's borrowings are denominated in Russian Roubles and US Dollars.

Bank loans mature by 23 March 2028, the average rate being 3.88% p.a. (2020: 5.65 % p.a.). The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are disclosed in Note 33.

As at 31 December 2021, borrowings of RUB 13,450 million (31 December 2020: RUB 13,839 million) were received against the pledge of property, plant and equipment, investment property, investments and inventory (Notes 11, 12, 14, 16 and 30).

22 Borrowings (Continued)

The fair value of borrowings approximates their carrying amount. Fair values were determined based on discounted cash flows.

In 2Q of 2020, the Group issued bonds for RUB 1,000 million which mature before 19 June 2023. The bond loan is repayable in tranches, together with the payment of the coupon yield, starting from the 6th coupon, the payment period for which will begin in 2021. The coupon rate is 12.5%. Coupon payments are to be made on a quarterly basis.

In Q3 of 2021 the Group issued the second series bonds for RUB 3,000 million which mature before 12 August 2024. The bond loan is repayable in tranches, together with the payment of the coupon yield, starting from the 6th coupon, the payment period for which will begin in 2023. The coupon rate is 10.6%. Coupon payments are to be made on a quarterly basis.

23 Provisions for Liabilities and Charges

Movements in long-term provisions for liabilities and charges are as follows:

In millions of Russian roubles	**Provisions for social facilities**	**Total**
Carrying amount at 1 January 2020	**62**	**62**
Increase in provision	22	22
Recovery of provision	(4)	(4)
Carrying amount at 31 December 2020	**80**	**80**
Increase in provision	-	-
Recovery of provision	(20)	(20)
Carrying amount at 31 December 2021	**60**	**60**

Movements in short-term provisions for liabilities and charges are as follows:

In millions of Russian roubles	**Provisions for social facilities**	**Provision for site improvement**	**Total**
Carrying amount at 1 January 2020	**54**	**8**	**62**
Increase in provision	36	26	62
Utilisation of provision	(50)	(8)	(58)
Carrying amount at 31 December 2020	**40**	**26**	**66**
Increase in provision	10	-	10
Utilisation of provision	(3)	(26)	(29)
Carrying amount at 31 December 2021	**47**	**-**	**47**

Provision for site improvement was classified as short-term liabilities as the Group has no unconditional right to defer repayment for a period of more than one year after the reporting date.

24 Trade and Other Payables

Long-term trade and other payables

In millions of Russian roubles	31 December 2021	31 December 2020
Payables to suppliers	1,371	1,054
Other payables	6	26
Total financial payables within trade and other payables	***1,377***	***1,080***
Trade and other payables	**1,377**	**1,080**

Short-term trade and other payables

In millions of Russian roubles	31 December 2021	31 December 2020
Payables to suppliers	1,623	1,031
Payables under agency contracts	21	14
Payables to owners	-	11
Other payables	484	309
Total financial payables within trade and other payables	***2,128***	***1,365***
Liabilities under co-investment agreements	-	148
Advances received	302	339
Other payables	321	141
Provision for vacations	55	47
Provision for compensation	195	-
Trade and other payables	**3,001**	**2,040**

In accordance with signed co-investment agreements with individuals, the Group committed to complete construction of properties within the normal operating cycle of construction. As at 31 December 2021, the Group's liabilities under the contracts are fully repaid (31 December 2020: RUB 148 million). Liabilities under co-investment agreements represent the aggregate amount of transaction price allocated to performance obligations not satisfied (or partially not satisfied) as at the reporting date. In 2021, the Group recognized RUB 148 million in revenue excluding the financing component for liabilities under co-investment agreements as at 31 December 2020 (in 2020: RUB 1,975 million excluding the financing component for liabilities under co-investment agreements as at 1 January 2020).

Liabilities under co-investment agreements are usually prepaid by customers or effected on deferred payment basis (not more than 60 days). As performance of such liabilities on average lasts for 12-18 months, the financing component influences the consideration received which reflects the effect of time value of money considering the long operating cycle. A decrease of liabilities under co-investment agreements is primarily explained by gradual transition to the financing structure with the use of escrow accounts with banks.

Long-term payables to suppliers represent the Group's payables under land acquisition agreements maturing in 2027. These payables are measured at their present value at the reporting date.

Advances received represent primarily advances for the lease of premises.

Payables under agency contracts represent amounts due to agents for provision of services related to sale of real estate and transaction support.

25 Revenue

Analysis of revenue by categories:

In millions of Russian roubles	**2021**	**2020**
Revenue from contracts with customers	19,198	17,493
Fixed payments due to operating lease agreements	1,140	591
Variable lease payments not dependent on index or rate	481	83
Total revenue	**20,819**	**18,167**

Details of revenue from contracts with customers

In millions of Russian roubles	**2021**	**2020**
Revenue under co-investment agreements	15,405	13,157
Revenue from provision of hospitality services	77	33
Revenue from other operations	342	299
Total revenue recognised over the period	**15,824**	**13,489**
Revenue from sales of real estate items	3,231	3,927
Revenue from provision of other hospitality services	143	77
Total revenue recognised at a point in time	**3,374**	**4,004**
Total revenue from contracts with customers	**19,198**	**17,493**

The Group applies a practical expedient in IFRS 15.121 and does not include disclosure of outstanding performance obligations that are part of contracts with the expected useful life of one year or less.

26 Selling and Administrative Expenses, Cost of Sales

In millions of Russian roubles	**2021**	**2020**
Staff costs	1,321	725
Expense on agency agreements	270	254
Taxes and other payments to the budget	246	215
Social and insurance contributions	188	139
Marketing and advertising expenses	174	138
Consulting and information services	165	154
Depreciation and amortisation	112	74
Material expenses	96	70
Entertainment expenses	66	26
Expenses under short-term leases	62	71
Accounts receivable write-off	59	23
Bank service expenses	40	49
Auditor’s and appraiser's fees	31	31
Assignment expenses	30	13
State duties	29	24
Loss from investment activities	24	6
Travel expenses	20	9
Expenses on software and low current systems support	18	26
Expenses on services of the managing company	16	24
Royalty	11	6
Staff training and professional development	10	16
Power supply	10	3
Charity	5	25
(Decrease)/ increase in provision for impairment of non-financial assets	(33)	19
Other	376	237
Total selling and administrative expenses	**3,346**	**2,377**

26 Selling and Administrative Expenses, Cost of Sales (Continued)

The main part of “Cost of sales” is represented by costs on general contractor's services provided under agreements on construction of real estate. The line also includes staff costs, utility costs, security services, gas and power supply.

Staff costs for 2021 included in “Cost of sales” and “Selling and administrative expenses” amounted to RUB 1,626 million (2020: RUB 970 million). The increase in staff costs is due to the indexation of employee salaries, as well as the accrual of the employee compensation provision (Note 24). In addition, in 2021 the Group entered into share-based payment agreements with key management personnel (Note 7).

27 Other Income

In millions of Russian roubles	**Note**	**2021**	**2020**
Gain from the sale of property, plant and equipment	11	253	-
Insurance		83	-
Accounts payable write-off		26	6
VAT recovery		23	-
Fines and penalties received		22	10
License income		12	-
Compensation of utilities costs		12	68
Other		74	14
Total other income		**505**	**98**

28 Finance Costs and Finance Income

In millions of Russian roubles	**Note**	**2021**	**2020**
Interest income on loans originated		144	84
Interest income on bank deposits		103	13
Foreign exchange gain		25	60
Total finance income recognised in profit or loss		**272**	**157**

In millions of Russian roubles	**Note**	**2021**	**2020**
Interest expense on borrowings	22	740	803
Interest expense on bonds	22	259	70
Interest expense on accounts payable		100	56
Interest expense related to significant financing component under co-investment agreements	25	77	174
Foreign exchange losses		47	45
Interest expense on lease		6	5
Total finance costs		**1,229**	**1,153**
Less interest capitalised in investment property	12	(31)	(361)
Total finance costs recognised in profit or loss		**1,198**	**792**

29 Income Taxes

Income tax expense comprises the following:

In millions of Russian roubles	**2021**	**2020**
Current tax	(647)	(86)
Deferred tax	(464)	136
Income tax (charge)/ credit for the year	**(1,111)**	**50**

The income tax rate applicable to the majority of the Group's 2021 and 2020 income is 20%. However, certain companies of the Group apply simplified taxation system or are not income taxpayers. The simplified taxation system provides for exemption from income tax and for payment of tax depending on the base which is defined either as income or income less expenses applying the rate under the Russian Tax Code. Income tax expenses of the entities applying the simplified taxation system are recorded within selling and administrative expenses in the amount of RUB 14 million (2020: RUB 27 million). ZPIFs included in the Group consolidation perimeter are not legal entities under the Russian law and are not income taxpayers.

The Group calculates income tax for the current period on the basis of tax accounting, which is maintained under statutory tax law requirements that may differ from IFRS.

Deferred tax reflects the tax effect from temporary differences between the carrying amount of assets and liabilities for the purpose of consolidated financial statements and the amount determined for tax purposes. The temporary differences at 31 December 2021 and 31 December 2020 are mainly caused by different methods of accounting for income and expenses, and by the carrying amount of some assets.

The ratio between tax expense and the accounting profits from the Group operations is summarised below:

In millions of Russian roubles	**2021**	**2020**
Profit before tax	**5,707**	**5,021**
Theoretical income tax charge at statutory rate of 20%:	(1,141)	(1,004)
Income which is exempt from taxation	738	1,205
Non-deductible expenses	(546)	-
Tax effect of companies under a simplified tax treatment	(162)	(151)
Income tax (charge)/ credit for the year	**(1,111)**	**50**

Income which is exempt from taxation includes the tax effect from elimination of intra-group transactions, adjustment for elimination of unrealised profit, result of valuation of investment properties at fair value and the tax effect from elimination of the financial result of the companies which are not income taxpayers.

Starting from 1 January 2017, the amendments to the Russian tax legislation became effective in respect of tax loss carry forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilised. The 10-year expiry period for tax loss carry-forwards no longer applies. The amendments also set limitation on utilisation of tax loss carry forwards that will apply during the period from 2017 to 2024. The amount of losses that can be utilised each year during that period is limited to 50% of annual taxable profit.

29 Income Tax (Continued)

Uncertain tax positions. Based on management's estimates, the Group has no significant risks related to uncertainty on tax deductions, and therefore, it does not have to recognise additional tax expenses.

Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Russia give rise to temporary differences between the carrying amount of assets and liabilities for consolidated financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of Russian roubles	**31 December 2020**	**Charged to profit or loss**	**31 Dec 2021**
Property, plant and equipment	117	71	188
Inventories	1,188	282	1,470
Advances issued for construction	13	(9)	4
Accounts receivable	51	(23)	28
Tax loss carry forwards	230	179	409
Accounts payable	10	34	44
Provisions for liabilities and charges	24	(2)	22
Other	15	24	39
Deferred tax assets	**1,648**	**556**	**2,204**
Offsetting deferred tax liabilities	(1,181)	(251)	(1,432)
Total deferred tax assets	**467**	**305**	**772**
Investment property	(193)	(98)	(291)
Inventories	(154)	(845)	(999)
Accounts receivable	(42)	36	(6)
Contract assets	(1,109)	(402)	(1,511)
Accounts payable	(364)	306	(58)
Other	(33)	(17)	(50)
Deferred income tax liability	**(1,895)**	**(1,020)**	**(2,915)**
Offsetting deferred tax assets	1,181	251	1,432
Total deferred tax liabilities	**(714)**	**(769)**	**(1,483)**
Net deferred tax liabilities	**(247)**	**(464)**	**(711)**

Deferred tax assets for tax losses carried forward recognised as at 31 December 2021 represent accumulated tax losses which may be available for offset against future taxable income. Most part of losses is attributed to the operating segment related to residential real estate.

29 Income Taxes (Continued)

In millions of Russian roubles	31 December 2019	Charged to profit or loss	31 December 2020
Property, plant and equipment	105	12	117
Inventories	781	407	1,188
Advances issued for construction	45	(32)	13
Accounts receivable	35	16	51
Tax loss carry forwards	145	85	230
Accounts payable	184	(174)	10
Provisions for liabilities and charges	23	1	24
Other	28	(13)	15
Deferred tax assets	**1,346**	**302**	**1,648**
Offsetting deferred tax liabilities	(880)	(301)	(1,181)
Total deferred tax assets	**466**	**1**	**467**
Investment property	(187)	(6)	(193)
Inventories	(201)	47	(154)
Accounts receivable	(29)	(13)	(42)
Contract assets	(209)	(900)	(1,109)
Accounts payable	(1,063)	699	(364)
Other	(40)	7	(33)
Deferred income tax liability	**(1,729)**	**(166)**	**(1,895)**
Offsetting deferred tax assets	880	301	1,181
Total deferred tax liabilities	**(849)**	**135**	**(714)**
Net deferred tax liabilities	**(383)**	**136**	**(247)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

30 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, 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 challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax 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 when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

30 Contingencies and Commitments (Continued)

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP 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 Group's operations.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, 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 an outflow of resources will be required should such tax positions and interpretations be challenged by the tax 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. In addition to the above matters, management believes that the other potential liabilities of the Group related to tax risks will not entail any losses.

Assets pledged and restricted. As at 31 December 2021 and 31 December 2020, the Group had the following assets pledged as collateral:

		31 December 2021		31 December 2020	
In millions of Russian roubles	**Note**	**Pledged assets**	**Related liability**	**Pledged assets**	**Related liability**
Property, plant and equipment	11	-	3	6	35
Investment property	12	8,509	5,161	8,020	6,263
Investments	14	91	71	-	-
Inventories	16	2,688	8,215	2,506	7,541
Total assets pledged and restricted		**11,288**	**13,450**	**10,532**	**13,839**

Environmental matters. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

30 Contingencies and Commitments (Continued)

Compliance with covenants. Under the terms of signed loan agreements, the Group has to comply with certain terms and limitations, including requirements to maintain some financial ratios. These requirements are set out in the loan agreements of the Group companies, on the basis of which the Group companies are obliged, among other things, to maintain the ratio of net debt to EBITDA at the level specified in the agreement. Failure to comply with these conditions may lead to negative consequences for the Group, including an increase in borrowing costs and a declaration of default. In 2021 and 2020, the Group made arrangements with the banks that in case of non-compliance with such covenants, the lending banks would not apply sanctions to the Group in the form of rejecting its loan applications or requirements to pay the principal debt earlier.

31 Non-Controlling Interest

The following table provides information about the subsidiaries with non-controlling interest that is material to the Group.

Non-controlling interest appeared as a result of acquisition of the controlling interest (60%) in JSC Investcapitalservice and JSC Grandfinance (see Note 32). Additionally, option agreements were signed with the owners of some companies providing for the right to acquire the controlling interest in their equity which also results in a non-controlling interest of 100% of net assets of such subsidiaries (Note 4). In 2021, there were changes in non-controlling interests, which are described in more detail in Note 32.

In December 2021, OOO Luxmasterplus stopped being a subsidiary.

In millions of Russian roubles	**Place of business**	**Non-controlling interest percentage**	**Profit or loss attributable to non-controlling interest**	**Accumulated non-controlling interest in subsidiary**
Year ended 31 December 2021				
JSC Grandfinance	Republic of Tatarstan	40%	(181)	(1,080)
JSC Investcapitalservice	Republic of Tatarstan	40%	(36)	(270)
LLC Vishnevy Pie	Republic of Tatarstan	40%	70	1,750
LLC SpektrPodryad	Republic of Tatarstan	40%	66	398
LLC Specialised Developer Construction Company UnistroyDom	Republic of Tatarstan	40%	1,376	4,620
LLC Specialised Developer Construction Company UnistroyDom-2	Republic of Tatarstan	41%	516	718
LLC Specialised Developer StroyUslugi	Republic of Tatarstan	40%	266	3,079
LLC Specialised Developer StroyUslugi-1	Republic of Tatarstan	41%	268	264
LLC Specialised Developer StroyUslugi-2	Republic of Tatarstan	41%	118	117
LLC Specialised Developer Unistroyregion	Republic of Tatarstan	40%	33	792
LLC StroyInvestConsulting	Republic of Tatarstan	40%	90	125
LLC Unite Development	Republic of Tatarstan	40%	108	540
ZPIFk Land Development	Republic of Tatarstan	40%	102	687
ZPIFk Razvityie	Republic of Tatarstan	40%	(122)	419
LLC USK Standard	Republic of Tatarstan	91%	(238)	(2,134)
JSC UK Unistroy	Republic of Tatarstan	40%	(266)	(314)
LLC StroyRealt	Republic of Tatarstan	91%	(202)	(935)
LLC Energoresource	Republic of Tatarstan	40%	(49)	(234)
LLC Realtregion	Republic of Tatarstan	91%	(48)	(393)
LLC Architect Bureau “Architect by Unistroy”	Republic of Tatarstan	100%	(140)	(391)
AIJ Holdings Limited	Republic of Cyprus	100%	-	(280)
Other			(152)	(889)
TOTAL			**1,579**	**6,589**

31 Non-Controlling Interest (Continued)

In millions of Russian roubles	**Place of business**	**Non-controlling interest percentage**	**Profit or loss attributable to non-controlling interest**	**Accumulated non-controlling interest in subsidiary**
Year ended 31 December 2020				
JSC Grandfinance	Republic of Tatarstan	40%	(14)	(78)
JSC Investcapitalservice	Republic of Tatarstan	40%	-	(54)
LLC Vipton	Republic of Tatarstan	40%	(5)	49
LLC Vishnevy Pie	Republic of Tatarstan	40%*	1,611	1,680
LLC SpektrPodryad	Republic of Tatarstan	40%	28	332
LLC Specialised Developer Construction Company UnistroyDom	Republic of Tatarstan	40%	465	3,244
LLC Specialised Developer StroyUslugi	Republic of Tatarstan	40%	750	2,814
LLC Specialised Developer Unistroyregion	Republic of Tatarstan	40%	395	759
LLC StroyInvestConsulting	Republic of Tatarstan	40%	(30)	35
LLC Unite Development	Republic of Tatarstan	40%	13	432
ZPIFk Land Development	Republic of Tatarstan	40%	50	584
ZPIFk Razvityie	Republic of Tatarstan	40%	99	541
LLC USK Standard	Republic of Tatarstan	100%	(154)	(2,093)
JSC UK Unistroy	Republic of Tatarstan	100%*	(258)	(374)
LLC StroyRealt	Republic of Tatarstan	100%	(209)	(814)
LLC Energoresource	Republic of Tatarstan	40%	(36)	(185)
LLC Realtregion	Republic of Tatarstan	100%	(90)	(381)
Other			(120)	(557)
TOTAL			**2,495**	**5,934**

* the interest changed in December 2020.

31 Non-Controlling Interest (Continued)

The summarised financial information of these subsidiaries is presented in the table below:

	31 December				Year ended 31 December			
In millions of Russian roubles	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Profit/ (loss)**	**Total compre-hensive income/ (expense)**	**Cash flows**
2021								
JSC Grandfinance	3	-	(230)	-	-	(453)	(453)	(65)
JSC Investcapitalservice	1	-	(90)	-	-	(90)	(90)	1
LLC Vipton	61	130	-	(1)	-	(4)	(4)	1
LLC Vishnevy Pie	1,764	305	(417)	(412)	587	176	176	(27)
LLC SpektrPodryad	2,166	224	(1,165)	(86)	506	164	164	127
LLC Specialised Developer Construction Company UnistroyDom	7,236	89	(2,961)	(405)	7,018	3,440	3,440	(7)
LLC Specialised Developer Construction Company UnistroyDom-2	1,025	11	(28)	(98)	3,095	1,274	1274	5
LLC Specialised Developer StroyUslugi	1,014	107	(7)	(537)	1,931	664	664	89
LLC Specialised Developer StroyUslugi-1	3,377	71	(1,782)	(1,122)	1,844	660	660	-
LLC Specialised Developer StroyUslugi-2	2,099	23	(804)	(859)	1,221	290	290	2
LLC Specialised Developer Unistroyregion	606	109	(150)	(22)	987	84	84	1
OOO StroyInvestConsulting	421	6,384	(489)	(3,970)	946	226	226	77
LLC Unite Development	39	1,916	(739)	(536)	381	271	271	(15)
ZPIFk Land Development	2,299	606	(409)	(194)	691	256	256	440
ZPIFk Razvityie	2,243	972	(430)	(933)	184	(304)	(304)	42
LLC USK Standard	873	332	(257)	(8)	5	(253)	(253)	(103)
JSC UK Unistroy	76	72	(138)	(10)	-	(411)	(411)	8
LLC StroyRealt	40	6	(43)	-	15	(214)	(214)	5
LLC Energoresource	84	645	(163)	-	158	(123)	(123)	14
LLC Realtregion	13	5	(15)	(1)	2	(51)	(51)	1
LLC Architect Bureau “Architect by Unistroy”	12	3	(11)	-	-	(140)	(140)	2
AIJ Holdings Limited	134	1,108	(247)	-	-	-	-	28
Total	**25,586**	**13,118**	**(10,575)**	**(9,194)**	**19,571**	**5,462**	**5,462**	**626**

31 Non-Controlling Interest (Continued)

The summarised financial information of these subsidiaries is presented in the table below:

	31 December				Year ended 31 December			
In millions of Russian roubles	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Profit/ (loss)**	**Total compre-hensive income/ (expense)**	**Cash flows**
2020								
JSC Grandfinance	68	-	(47)	-	-	(35)	(35)	67
JSC Investcapitalservice	1	-	-	-	-	-	-	(1)
LLC Vipton	43	155	(4)	-	-	(13)	(13)	1
LLC Vishnevy Pie	1,608	297	(228)	(272)	4,116	1,611	1,611	26
LLC SpektrPodryad	2,059	1,173	(12)	(1,274)	498	70	70	(54)
LLC Specialised Developer Construction Company UnistroyDom	5,211	322	(1,935)	(1,091)	4,050	1,163	1,163	(14)
LLC Specialised Developer Construction Company UnistroyDom-2	3,671	35	(2,783)	(347)	2,137	480	480	-
LLC Specialised Developer StroyUslugi	1,842	118	(1,019)	218	3,306	1,895	1,895	29
LLC Specialised Developer StroyUslugi-1	1,133	27	(556)	(609)	6	(8)	(8)	-
LLC Specialised Developer StroyUslugi-2	7	-	(2)	-	-	-	-	-
LLC Specialised Developer Unistroyregion	1,470	112	(719)	60	2,378	988	988	31
LLC StroyInvest Consulting	436	6,483	(843)	(3,888)	153	(74)	(74)	32
LLC Unite Development	52	1,741	(893)	(529)	299	33	33	9
ZPIFk Land Development	1,540	1,248	(514)	(20)	199	125	125	124
ZPIFk Razvityie	2,389	551	(109)	(1,410)	482	250	250	(13)
LLC USK Standard	740	516	(195)	(1)	2	(154)	(154)	55
JSC UK Unistroy	34	23	(47)	-	-	(258)	(258)	-
LLC StroyRealt	30	4	(34)	(3)	12	(209)	(209)	(1)
LLC Energoresource	84	605	(57)	-	163	(89)	(89)	3
LLC Realtregion	16	6	(34)	(5)	1	(90)	(90)	(1)
Total	**22,434**	**13,416**	**(10,031)**	**(7,897)**	**17,802**	**5,685**	**5,685**	**293**

32 Subsidiaries

The list of major subsidiaries of the Group is provided below:

Company name	Nature of business	Ownership % 31 December 2021	Ownership % 31 December 2020
JSC Grandfinance	investments in securities	60%**	60%**
JSC Investcapitalservice	investments in securities	60%**	60%**
LLC Vishnevy Pie	purchase and sale of own immovable properties	60%**	60%**
LLC SpektrPodryad	operation of hotels and other temporary accommodation facilities	60%**	60%**
LLC Specialised Developer Construction Company UnistroyDom	construction of residential and non-residential buildings	60%**	60%**
LLC Specialised Developer Construction Company UnistroyDom-2	construction of residential and non-residential buildings	59%**	59%**
LLC Specialised Developer StroyUslugi	construction of residential and non-residential buildings	60%**	60%**
LLC Specialised Developer StroyUslugi-1	construction of residential and non-residential buildings	59%**	59%**
LLC Specialised Developer StroyUslugi-2	construction of residential and non-residential buildings	60%**	59%**
LLC Specialised Developer Unistroyregion	construction of residential and non-residential buildings	60%**	60%**
LLC StroyInvestConsulting	construction of residential and non-residential buildings, lease and management of own immovable property	60%**	60%**
LLC Unite Development	lease and management of own or leased immovable property	60%**	60%**
ZPIFk Land Development	activities of investment funds and similar financial institutions	60%**	60%**
ZPIFk Razvityie	activities of investment funds and similar financial institutions	60%**	60%**
JSC UK Unistroy	consulting services in the purchase and sale of real estate for a fee or on a contractual basis	60%**	-*
LLC Energoresource	Distribution of steam and hot water (heat energy)	60%**	60%**
LLC USK Standard	development of construction projects	9%**	-*
LLC StroyRealt	activities of real estate agencies for a fee or on a contractual basis	9%**	-*
LLC Realtregion	activities of real estate agencies for a fee or on a contractual basis	9%*	-*
LLC Architect Bureau “Architect by Unistroy”	development of construction projects	-*	-*
AIJ Holdings Limited	investments in securities	-*	-

* the companies are consolidated in accordance with the signed option agreement where options could be realised any time after the agreement is signed.

** effective ownership interest is established through subsidiaries.

All the subsidiaries included in the consolidated financial statements of the Group are registered and operate in the territory of the Russian Federation and the Republic of Cyprus.

As at 31 December 2021 and 31 December 2020, option agreements with owners of the companies providing for acquisition of controlling interest in each of those companies were executed with the entities where the parent company has no effective ownership interest.

32 Subsidiaries (Continued)

Option agreements with the owners of such subsidiaries are measured at cost. The cost is equal to nominal value of each option agreement which amounts from nil to RUB 10 thousand. Due to immaterial aggregate amount of option agreements as investments in subsidiaries, these transactions were not recorded in the consolidated financial statements as at 31 December 2021 and 31 December 2020.

In 2021, transactions of obtaining control over subsidiaries were reflected in cash flows from investing activities in the consolidated statement of cash flows.

The earlier signed option agreement for the right to acquire the controlling interest in LLC Luxmasterplus was cancelled at the end of 2021, as a result of which the entity left the Group. The effect of this transaction is recorded in the line “Disposal of a subsidiary” in the consolidated statement of changes in equity.

The earlier signed option agreement providing for the right to acquire the controlling interest in LLC Vishnevy Pie was cancelled at the end of 2020. ZPIFk Land Development became a participant of this entity. In June 2021, LLC SpectrPodryad acquired shares in the company JSC UK Unistroy, as a result of which the Group’s ownership interest in this company increased to 60%. The change in the Group's ownership interest in JSC "UK "Unistroy" led to changes in ownership interests in other companies of the Group (LLC USK Standard, LLC Realtregion, LLC Stroyrealt, LLC UfaStandard, LLC NevaStandard) and to the change in the non-controlling interest by RUB 658 million. The effect of these transaction is recorded in “Change in non-controlling interest” in the consolidated statement of changes in equity.

The effect of consolidation of these entities in 2021 is disclosed in Note 8. The companies over which control was obtained in 2020 were established in 2020, the effect from consolidation of these companies is immaterial.

33 Financial Risk Management

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. The Company's financial risks include interest risk, credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group’s sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group’s credit risks can be divided into several levels. Each level corresponds to certain restrictions on the extent of the assumed risk concerning one or several contractors / customers. Before signing any material agreements which may increase the Group’s exposure to credit risk, the Group performs the procedure of contractors’ due diligence, including review of their financial position and solvency, experience, qualification and reputation in the relevant area. The Group also receives expert legal opinions from internal or independent legal advisers concerning the validity of the agreements, and any other relevant documentation connected with related transactions before signing any material agreements.

33 Financial Risk Management (Continued)

The Group's maximum exposure to credit risk equals the carrying amount of financial assets and assets under contracts. As of the reporting date, the maximum exposure to credit risk was:

In millions of Russian roubles	**31 December 2021**	**31 December 2020**
Contract assets	7,557	5,545
Cash and cash equivalents	3,969	1,040
Trade and other receivables	3,958	4,028
Investments	789	1,521
Letters of credit	1,527	2,736
Reverse REPO agreement	1,000	-
Total maximum exposure to credit risk	**18,800**	**14,870**

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are regularly approved by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk concentration. The Group is not subject to concentration of credit risk related to receivables as this debt is secured by real estate objects built and sold by the Group, and contract assets as the counterparties do not include separate companies or groups of related companies whose balance is sufficiently material to have any impact on the financial stability of the Group. The Group's bank deposits are placed with four banks (2020: with three banks). The Group controls its credit risk concentration through placing bank deposits with reliable credit institutions.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes.

The Group has three approaches for ECL measurement: (i) measurement on an individual basis; (ii) measurement based on external ratings; and (iii) simplified model for ECL measurement.

(i) The Group performs measurement on an individual basis for the following types of financial assets: loans issued. The expected credit losses on loans issued were calculated based on the Group's assessment of its counterparties' individual ratings using available financial information, the settlement history, information from public sources and other available data based on which the probability of default (PD) and loss given default (LGD) are determined using the publicly available information from rating agencies. ECL is the multiplication of the following credit risk parameters: EAD, PD and LGD.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is deceased;

33 Financial Risk Management (Continued)

- the borrower is insolvent;
- it is becoming likely that the borrower will enter bankruptcy; and

If at least one of the above criteria is met by a financial asset, the allowance for expected credit losses is set up for the total amount outstanding at the reporting date.

(ii) the Group performs measurement based on external ratings for cash and cash equivalents, letters of credit and promissory notes. Cash and cash equivalents, as well as letters of credit and promissory notes of the Group are associated with a low credit risk based on external credit ratings of banks. The Group established that the effect from impairment of cash and cash equivalents, letters of credit and promissory notes under IFRS 9 is not material for these consolidated financial statements. When external ratings are used to determine the credit risk, the Group uses statistical data on defaults and recoveries published by any of the following international and Russian agencies: Expert RA and Moody's. For cash on settlement accounts, the Group assesses counterparties using ratings assigned to them by international agencies (or the national rating is used, if international ratings are not available). When neither of the rating systems allows assessing credit risks without additional analysis, then professional judgement is applied. Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default. Credit risk (i.e. the risk of default through the expected life of the financial instrument) for these financial assets has not increased significantly since their initial recognition.

(iii) the Group applies the simplified model for trade and other receivables, finance lease receivables and contract assets. The Group decided to assess its loss allowance for trade and other receivables in the amount equal to the lifetime expected credit losses of the financial asset. The simplified model is used to determine at each reporting date whether it is necessary to recognise credit loss allowance. The model involves using the matrix of allowances for assessing expected credit losses. The rate of credit loss allowance is set as the ratio of overdue receivables to the total amount of receivables for the group of receivables.

Expected credit losses (ECL) are calculated by multiplying the probability of default (PD), exposure at default (EAD) and loss given default (LGD). For the Group, LGD is deemed 100%.

The Group analyses reasonable and supportable information that is relevant and available without undue cost or effort when assessing whether there was significant increase in credit risk for financial asset since initial recognition. This includes both quantitative and qualitative information, the analysis based on the Group's historic experience and credit quality analysis, carried out based on all available data and forward-looking information.

The Group regularly monitors the existing amounts outstanding and is engaged in a successful claims and collection work in respect of overdue receivables. Subject to the existing statistics on collection of receivables, the Group's management treats the probability of default of amounts overdue up to 90 days as remote.

The following components have a significant impact on credit loss allowance: significant increase in credit risk ("SICR"), exposure at default ("EAD"), and loss given default ("LGD"). The Group regularly reviews and validates the inputs to the models (historic accounting data) to reduce any differences between expected credit loss estimates and actual credit loss experience.

Interest rate risk. The risk is connected with the probability of changes in interest rates on financial instruments, which leads either to changes in the fair value of financial instruments with a fixed interest rate, or to changes in future cash flows related to financial instruments with a floating interest rate.

33 Financial Risk Management (Continued)

The Group monitors the interest rates related to its financial instruments and analysis the current interest rates. Depending on the results the management determines the most viable way of raising debt capital – using fixed or floating interest rates. In case of any changes in the fixed or floating rates in the market of credit financing, the management can consider financing under better terms.

The Group is not exposed to significant interest rate related to the effect of fluctuations in market interest rates on its financial position and cash flows, as all the Group's financial assets as at 31 December 2021 and 31 December 2020 bear fixed rates.

As at 31 December 2021 and 31 December 2020, the Group has financial liabilities with fixed and floating interest rates. An increase/decrease in the floating interest rate by 200 basis points will not have a material effect on the financial result for 2021, 2020 and equity as at 31 December 2021 and 31 December 2020. This analysis assumes that all other variables remain constant.

Liquidity risk. The liquidity risk is the risk that the Group may not be able to repay its maturing liabilities. The Group's liquidity position is carefully monitored and managed. The Group developed a planning system for the budget and cash flows for the purpose of providing for sufficient funds to satisfy its financial requirements.

Since 2019, in accordance with the requirements of the Russian legislation, the Group began selling real estate items under co-investment agreements with the use of escrow accounts. The new procedure resulted in a decrease in cash inflows from the Group's operating activities, as buyers of real estate items open escrow accounts with accredited banks and transfer funds to these accounts for the purchased real estate items. Accredited banks provide the Group with project financing for such projects to cover the entire amount of costs (which represent loans and are recognised as part of borrowings in the consolidated statement of financial position) necessary for the implementation of the relevant project and commissioning of all real estate items. After the construction of a residential building is completed, funds placed by buyers on escrow accounts with accredited banks are credited to the Group's accounts, and a part of the liability corresponding to the construction project financing is repaid. Thus, in the consolidated statement of financial position, project finance liabilities are gradually increasing, while the share of liabilities under contracts with customers is decreasing. Management believes that the Group's transition to settlements with customers using escrow accounts does not have any significant impact on the Group's ability to meet its obligations on time.

The Group recognises that real estate projects are characterised by low liquidity and significant capital intensity. In this regard, the Group is making every effort to meet a significant portion of its future financing needs through long-term borrowings, while providing a significant amount of financing from equity.

The remaining maturity analysis of the Group's financial liabilities at 31 December 2021 and 31 December 2020 is presented below. The tables were prepared on the basis of undiscounted cash flows from financial liabilities, based on the earliest dates of the expected settlement of liabilities by the Group. The maturity analysis of financial liabilities as at 31 December 2021 is as follows:

In millions of Russian roubles	**Less than one month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Financial liabilities within accounts payable	66	2,057	5	952	688	3,768
Lease liabilities	3	5	22	19	1	50
Loans and borrowings received	382	270	8,316	6,864	4,134	19,966
Total financial liabilities	**451**	**2,332**	**8,343**	**7,835**	**4,823**	**23,784**

33 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

In millions of Russian roubles	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
Financial liabilities within accounts payable	467	120	430	798	928	2,743
Lease liabilities	3	6	23	20	1	53
Loans and borrowings received	1,465	2,535	5,028	5,324	4,233	18,585
Total financial liabilities	**1,935**	**2,661**	**5,481**	**6,142**	**5,162**	**21,381**

34 Management of Capital

The Group considers total capital under management to be[equity as shown in the consolidated statement of financial position]. The amount of capital that the Group managed at 31 December 2021 was RUB 20,652 million (31 December 2020: RUB 18,415 million).

The management of capital is primarily aimed at ensuring the Group's ability to continue as a going concern, maintaining the acceptable profitability level, observing the interests of participants and optimal capital structure for minimising its capital costs.

To maintain and adjust the level of its capital, the Group may sell its assets to decrease debt.

35 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations 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 three 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.

Recurring fair value measurements

Recurring fair value measurements are those that the other IFRS require or permit in the consolidated statement of financial position at the end of each reporting period.

35 Fair Value Disclosures (Continued)

To determine the fair value as at 31 December 2021, the following methods of measurement and input data were applied:

In millions of Russian roubles	**Level**	**Fair value**	**Valuation approach**	**Input data**	**Weighted average rate**
Investment property	3	10,184	Comparable approach Income approach	Discount rate	16.2% - 17.67%
Non-current assets held for sale	3	351	Comparable approach		
Investments at fair value through profit and loss	3	1,195	Comparable approach	Net assets/ EBITDA	

To determine the fair value as at 31 December 2020, the following methods of measurement and input data were applied:

In millions of Russian roubles	**Level**	**Fair values**	**Valuation approach**	**Input data**	**Weighted average rate**
Investment property	3	9,933	Comparable approach Income approach Cost approach	Discount rate	14.51% - 17.04%
Non-current assets held for sale	3	52	Comparable approach	Discount rate	16.23%
Investments in securities fund	2	349	Comparable approach		

35 Fair Value Disclosures (Continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31 December 2021		31 December 2021	
In millions of Russian roubles	**Level 2 Fair value**	**Level 3 Fair value**	**Level 2 Fair value**	**Level 3 Fair value**
ASSETS				
Financial assets				
Receivables under co-investment agreements and real estate purchase and sale agreements	-	3,572	-	3,402
Receivables from leases and agency agreements	-	124	-	177
Finance lease receivables		108	-	241
Loans originated	738		1,506	-
Reverse REPO agreement	1,000	-	-	-
Other investments	-	51	-	47
Cash and cash equivalents	3,969	-	1,040	-
Letters of credit	1,527	-	2,736	-
Other receivables	-	154	-	208
Non-financial assets				
Contract assets		7,557	-	5,545
TOTAL ASSETS	**7,234**	**11,566**	**5,282**	**9,620**
LIABILITIES				
Financial liabilities				
Bank borrowings	15,410	-	15,439	-
Bonded loan	3,894		977	-
Lease liabilities	-	37	-	49
Other borrowings	-	349	-	199
Accounts payable		3,505	-	2,445
TOTAL LIABILITIES	**19,304**	**3,891**	**16,416**	**2,693**

The fair value measurements at Level 2 of the fair value hierarchy were made using discounted cash flows and observable interest rates for identical instruments. The fair value measurements at Level 3 of the fair value hierarchy were made using the discounted cash flow method and observable interest rates for similar instruments, adjusted for credit risk and maturity.

The following methods and assumptions were used to measure fair value:

- The fair value of cash and cash equivalents, accounts receivable, accounts payable and other financial investments approximates their carrying amount, mainly due to the short-term nature of the said financial instruments.
- The long-term and short-term loans issued are estimated by the Group on the basis of such parameters as interest rates, solvency of certain clients and the risk level related to the financed project. According to Group's estimates, at 31 December 2021 and 31 December 2020, the carrying amount of the loans originated was not significantly different from their fair value.
- The fair value of the borrowings is determined by discounting future cash flows using the rates in effect at the calculation date for the credits and loans received under the same terms and conditions taking into account the remaining maturities.

36 Events after the Reporting Period

The events that began on 24 February 2022 led to a significant increase in stock and currency markets' volatility, the weakening of the rouble against the US dollar and the euro, the increase in the CB RF key rate and, as a result, an increase in the cost of mortgage loans.

In these circumstances the Group stopped the sale of properties that are at an early stage of construction. The sale of properties with a high degree of completion continues, since a significant possible change in the cost of construction will not have a significant impact on the final result of the real estate item.

The Group also decided to temporarily suspend the launch of new projects for which building permits are already been obtained. This short-term measure will remain in effect until there are new state support programs for the construction industry and mortgage lending, which will be able to support the market.

Significant part of the Group's liabilities have fixed interest rates that will not change. Due to the suspension of new home construction and the temporary refusal from large transactions, the Group has no need to raise new loans or significantly draw on current liquidity. Transfers of buyers' funds placed in escrow accounts with accredited banks to the Group's accounts are made regularly: funds are received every quarter, and for projects that are expected to be completed in the next six months, the amount of escrow account balances significantly exceeds outstanding project loan amounts.

In this regard, the Group positively assesses the ability to meet its obligations to investors.

In 2022, the Company will complete the acquisition of several entities operating under the MyCorner by UNISTROY brand and engaged in individual housing construction.

On 23 March 2022, the Board of Directors recommended paying dividends in the amount of RUB 700 million or RUB 14,000 per ordinary share. This decision should be approved at the Annual General Shareholders' Meeting on 11 May 2022.