

24 January 2012

## Etalon Group Reports 4Q 2011 Operating Results

St. Petersburg – Etalon Group Limited (“Etalon Group” or the “Company”), one of Russia’s largest and oldest residential real estate developers, announces its unaudited operating results for the three months ended 31 December 2011 based on management accounts.

### 4Q 2011 Highlights:

- For the year ended 31 December 2011, new contract sales increased 27% year-on-year (y-o-y) to 270,012 sqm and 30% y-o-y to RUR 18,306 mn on the back of a continued recovery in consumer activity;
- Deliveries increased by 57% y-o-y, including successful expansion into Moscow with the milestone first stage of Emerald Hills delivered on schedule, which contributed to total deliveries for the year ended 31 December 2011 of 328 thousand sqm;
- New contract sales increased 14% y-o-y to 84,093 sqm and 24% y-o-y to RUR 6,031 mn in 4Q 2011, traditionally highest in terms of sales activity quarter of the year;
- The average price for new contract sales in 4Q 2011 increased to RUR 71,718, up 9% compared to RUR 65,994 in 4Q 2010, and up 5% from RUR 68,030 in 3Q 2011;
- Pre-sales launched for five new buildings in 4Q 2011, representing 251,232 sqm of NSA and expected cash collections equivalent to c. US\$ 566 mn.

### 4Q Operating Results

	4Q 2011	4Q 2010	Change, %	2011	2010	Change, %
New Sales, sqm	84,093	73,522	14%	270,012	212,277	27%
New sales, mn RUR	6,031	4,852	24%	18,306	14,106	30%

### 2H Deliveries

	2H 2011	2H 2010	Change, %	2011	2010	Change, %
NSA Delivered, sqm	204,040	150,454	36%	328,435	208,998	57%
Transferred to customers, sqm	160,875	147,119	9%	274,558	250,711	10%

### Quarterly Summary

	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011
New sales, sqm	73,522	59,638	62,544	63,737	84,093
New sales, mn RUR	4,852	4,158	3,781	4,336	6,031
Average price, RUR/sqm	65,994	69,721	60,453	68,030	71,718

Commenting on the 4Q 2011 results, Etalon Group President Viacheslav Zarenkov said:

“We are delighted to have had such a strong end to 2011. During the year we delivered more than 328 thousand square meters of NSA and we executed fully on the ambitious construction programme that was approved after the April 2010 IPO. We are particularly proud that we started our first and significant deliveries in the Moscow Metropolitan Area, which serves as continued proof of the sustainability of our unique vertically integrated business model.

“Last year we consistently outperformed our budget targets both in terms of new contract sales and cash collections, and we had achieved our key 2011 annual budget targets by mid-November.

“In 4Q 2011 we launched sales of five new buildings with a total NSA of 251 thousand square meters: two in Jubilee Estate and three in Emerald Hills. With average prices in the range of US\$ 2.0-2.5 thousand per sqm, these projects have the potential to generate up to US\$ 566 mn of cash collections during the next 3-5 years.

“Despite the turbulence on the financial markets, both 2010 and 2011 have demonstrated continuing consumer confidence that is particularly evident in the comfort class segment where we specialise.

“We believe Russia stands out from other residential markets around the world in that it is set for growth, which will be driven by the significant gap between supply and demand; 2010 and 2011 underscored this trend and we will see it continue in 2012.

“With c. US\$ 446 mn in cash and cash equivalents and c. US\$ 326 mn of mid- to long-term debt, we believe Etalon is well positioned to acquire more high-quality projects in order to create additional value for our shareholders. We are in the final stages of acquiring a number of new projects both in Moscow and St. Petersburg that we hope to announce in the next several weeks.

“We ended 2011 on a very strong note, with an excellent pipeline of projects in both Moscow and St. Petersburg. We believe the fundamentals of our sector are strong, and with consumer confidence continuing to grow, we expect to maintain our profitable growth into 2012.”

**Webcast:** <http://www.media-server.com/m/p/466ob327>

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## **About Etalon Group**

Founded in 1987, Etalon Group is one of Russia's largest residential real estate developers. The Company operates in both the St. Petersburg and Moscow Metropolitan Areas.

Etalon Group has a strong portfolio focused on large-scale residential complexes, with a dominant position in the "comfort class" (lower middle class and upper economy class) price segment, providing high quality living at affordable prices. The Company's portfolio comprised 28 projects, as of 31st December 2010, with a total of 3.13 million sqm of unsold net sellable area ("NSA") in the St. Petersburg and Moscow Metropolitan Areas. For the year ended 31st December 2010, the Company recorded revenues of RUB 20.3 billion (USD 669 million) and EBITDA of RUB 6.9 billion (USD 227 million), with an EBITDA margin of 34%.

Since 20th April 2011, Etalon Group Limited has had its GDRs traded on the Main Market of the London Stock Exchange.

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