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</table>
Etalon Group is one of Russia's largest development and construction corporations. The Company focuses on residential real estate for the middle class in the Moscow metropolitan area and St Petersburg.

**KEY FACTS**

| >30 YEARS | of experience in construction & development |
| 6.3 MLN SQM | commissioned since inception |
| 2 MARKETS | St Petersburg and Moscow metropolitan area – two capital cities with steadily growing population and high concentration of middle class customers |
| 58 CITIES | in Russia covered by sales network |
| 5 THS | employees |
| ETLN LSE ticker | GDRs listed on the London Stock Exchange since 2011 |
HOW ETALON GROUP CREATES VALUE
SALES PERFORMANCE SINCE IPO

IMPRESSIVE NEW CONTRACT SALES GROWTH, WITH CAGR OF 22%

NEW CONTRACT SALES
bln RUB

2010 14.1 2011 18.3 2012 23.7 2013 30.2 2014 40 2015 35.1 2016 47.4 2017 50.2 2018 68.7

+30% +30% +27% +32% -12% +35% +6% +37%
BOARD OF DIRECTORS REPRESENTS INTERESTS OF ALL INVESTOR GROUPS

NON-EXECUTIVE DIRECTORS

OLEG MUBARAKSHIN
Chairman of the Board of Directors

EXPERIENCE AND AWARDS
- More than 28 years of experience in corporate law and investment management
- Moscow State Academy of Law
- Finance Academy under the Government of the Russian Federation

SERGEY EGOROV
Non-Executive Director

EXPERIENCE AND AWARDS
- Sergey has experience in private equity, corporate finance, leveraged finance and debt restructuring
- Kyrgyz State National University, Diploma in Finance

EXECUTIVE DIRECTORS

KIRILL BAGACHENKO
Chief Financial Officer, Executive Director

EXPERIENCE AND AWARDS
- 12 years’ experience in corporate finance and asset management
- Previously held position of senior equity portfolio manager at TKB BNP Paribas Investment Partners
- In 2013 voted one of the top-3 portfolio managers in Russia by Thomson Reuters Extel Survey
- St Petersburg State University of Economics and Finance

MAXIM BERLOVICH
Executive Director, Head of Moscow Operations

EXPERIENCE AND AWARDS
- Over 10 years of experience in the construction industry
- Peter the Great St Petersburg Polytechnic University, MBA from Vlerick Business School

INDEPENDENT NON-EXECUTIVE DIRECTORS

GANNA KHOMEKO
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- 28 years of experience in management, consultancy and strategy positions in the legal and finance fields
- Keble University, degree in law and international politics
- College of Law in Chester, UK (completed a Legal Practice Course)

BORIS SVETLICHNY
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- Over 27 years of experience in finance and senior management with international and Russian companies
- Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom
- EDUCATION
- University of Massachusetts (BBA in Accounting), Carnegie-Mellon University (MBA)

CHARALAMPOS AVGOUSTI
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- 10 years of legal experience in the real estate, corporate and banking sectors
- Founder and Managing Director of Ch. Avgousti & Partners LLC (Advocates & legal consultants)
- Board member at Cyprus Telecommunication Authority (CYTA), member of the Advisory council of Limassol for the Central Cooperative Bank
- EDUCATION
- Northumbria University Newcastle (LLM in International Commercial Law), Democritus University of Thrace

MARINA OGOBLINA
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- Over 20 years of experience in audit, 7 years in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK
- EDUCATION
- University of Keele

MARTIN COCKER
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- Over 20 years of experience in private equity, corporate law and real estate in Moscow, Stockholm and New York
- Held senior investment roles at VI Holding Development, Russian Direct Investment Fund and East Capital
- Practiced corporate law with White & Case and is a member of the New York Bar
- EDUCATION
- Stern Business School (MBA), NYU Law School (LL.M), Central European University (LL.M), Moscow State Institute of International Relations (Diploma in Law)

DENNIS VINOvkOuROV
Independent Non-Executive Director

EXPERIENCE AND AWARDS
- Over 20 years of experience in private equity, corporate law and real estate in Moscow, Stockholm and New York
- Practiced corporate law with White & Case and is a member of the New York Bar
- EDUCATION
- Stern Business School (MBA), NYU Law School (LL.M), Central European University (LL.M), Moscow State Institute of International Relations (Diploma in Law)

INTRODUCTION

ETALON GROUP
CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

CORPORATE GOVERNANCE STRUCTURE

GENERAL SHAREHOLDERS MEETING

BOARD OF DIRECTORS
- Chairman (O. Mubarakshin)
- 2 Executive Directors
- 7 Non-Executive Directors, including 6 Independent Directors

CEO (G. Shcherbina)

BOARD COMMITTEES
- Strategy Committee
- Remuneration & Nomination Committee
- Audit Committee
- Information Disclosure Committee

SHAREHOLDER STRUCTURE (1)

Free float 61.9%
- Sistema PJSFC 25.0%
- Baring Vostok 5.7%
- Zarenkov family 5.7%
- Management 1.7%

Source: Company data
(1) As of 30 April 2019
KEY PRINCIPLES OF THE RELATIONSHIP AGREEMENT BETWEEN SISTEMA AND ETALON

1. the Company will be managed in accordance with the principles of good governance set out in the corporate governance regime adopted by the Company and will continue to refine its transparency and disclosure practices

2. all transactions or arrangements between Sistema and Etalon Group will be conducted on an arm's length basis

3. representatives of Sistema on the Company’s Board of Directors will not vote on any transaction or arrangement between Sistema and Etalon Group

4. Sistema has confirmed its current intention to maintain Etalon Group as a publicly-listed company

5. Sistema remains committed to the Company’s dividend policy

INTRODUCTION / ETALON GROUP / 9
ABOUT SISTEMA PJSC

ABOUT

- Russia’s largest publicly traded investment holding company
- A unique collection of assets in diverse, high-potential sectors across the Russian economy
- Investments and expertise in more than 15 industries
- Credit ratings from international and Russian rating agencies - Fitch: BB-, S&P: B+, RAEX: ruA-

CORE BUSINESS AREAS

- Active portfolio management of assets through profitable acquisitions and monetisation
- Increasing asset value by transforming them into market leaders that are capable of generating stable cash flows and that have high credit ratings
- Monetisation of investments by selling assets to strategic investors and conducting successful IPOs

2018 PERFORMANCE\(^{(1)}\)

777 BLN RUB
REVENUE

1,465 BLN RUB
ASSETS

CREATING MARKET LEADERS

- Leading Russian mobile operator and digital services provider
- Largest vertically integrated forestry holding company in Russia
- Largest children's goods retailer in Russia
- Leading agriculture holding company and one of the largest landowners in Russia
- Largest private healthcare chain in Russia

OWNERSHIP STRUCTURE\(^{(2)}\)

Free float (GDRs) 15.9%
Free float (shares) 16.5%
Other\(^{(3)}\) 8.4%
Vladimir Yevtushenkov 59.2%

\(^{(1)}\) In accordance with IFRS
\(^{(2)}\) As of 31 December 2018
\(^{(3)}\) Ordinary shares and GDRs belonging to Sistema Group companies, Sistema management and members of the Board of Directors
2018 OPERATING RESULTS AND 2019 OUTLOOK
DELIVERIES IN 2018

ETALON GROUP DELIVERED 479 THS SQM, IN LINE WITH THE PLAN FOR 2018

DELIVERIES
ths sqm

2017 423
2018 479

+13%

2018 DELIVERIES BREAKDOWN
ths sqm

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>NSA, ths sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Etalon-City</td>
<td>171</td>
</tr>
<tr>
<td>Galactica</td>
<td>152</td>
</tr>
<tr>
<td>Samotsvety</td>
<td>56</td>
</tr>
<tr>
<td>Summer Garden</td>
<td>47</td>
</tr>
<tr>
<td>House on Obrucheyvkh street</td>
<td>39</td>
</tr>
<tr>
<td>Emerald Hills</td>
<td>8</td>
</tr>
<tr>
<td>Moscow Gates</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>479</strong></td>
</tr>
</tbody>
</table>

Source: Company data
ETALON DELIVERED RECORD RESULTS ACROSS ALL KEY METRICS IN FY 2018

**NEW CONTRACT SALES**
- **ths sqm**
  - 2017: 512
  - 2018 initial guidance: 550
  - 2018 actual: 628
  - Change: +7%

**NEW CONTRACT SALES**
- **mln RUB**
  - 2017: 50,240
  - 2018 initial guidance: 57,000
  - 2018 actual: 68,731
  - Change: +13%

**CASH COLLECTIONS**
- **mln RUB**
  - 2017: 46,147
  - 2018 initial guidance: 53,000
  - 2018 actual: 62,785
  - Change: +15%

Source: Company data
2018 PRICE DYNAMICS

Average price for apartments increased by 13% Y-o-Y

Average price total
RUB/sqm

Average price apartments
RUB/sqm

Average down payment
%

Source: Company data
SALES GUIDANCE FOR 2019

**NEW CONTRACT SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019 guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ths sqm</td>
<td>628</td>
<td>700</td>
</tr>
</tbody>
</table>

+11%

**NEW CONTRACT SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019 guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>mln RUB</td>
<td>68,731</td>
<td>80,000</td>
</tr>
</tbody>
</table>

+16%

**CASH COLLECTIONS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019 guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>mln RUB</td>
<td>62,785</td>
<td>75,000</td>
</tr>
</tbody>
</table>

+19%

Source: Company data
LEADER-INVEST ACQUISITION IS IN LINE WITH ETALON GROUP DEVELOPMENT STRATEGY

LEADER-INVEST FULLY SATISFIES ALL CRITERIA SET FOR POTENTIAL M&A TARGETS BY ETALON:

1. focus on the same regions and segments
2. complementary portfolio and value chain
3. considerable operating synergies due to elimination of duplicate functions and monetisation of sales network
4. attractive profitability across project portfolio and significant return on investments
5. high level of transparency
LEADER-INVEST AT A GLANCE

ONE OF THE LEADING DEVELOPERS IN MOSCOW

- Leader-Invest is a leading residential real estate developer within the Moscow Ring Road
- Portfolio includes 31 projects under construction or in design stage and 9 completed projects with total area of unsold and available for sale property of about 1.3 million sqm\(^{(1)}\)
- Prime locations in well-developed and attractive neighbourhoods with a healthy living environment
- 69 ths sqm of NSA sold in 2018

PROVEN BUSINESS MODEL

- Focus on the comfort and business segments, which enjoy highest levels of demand
- Established process for selection of attractive assets with excellent transport accessibility
- Development of unique, niche product with a focus on modern trends
- 8 projects delivered over the last 3 years

WELL-DEVELOPED FINANCIAL FUNCTION AND TRANSPARENCY PRACTICES

- Leader-Invest reports IFRS financial results on a semi-annual basis
- Portfolio valuation carried by reputable independent appraiser (Colliers International)
- Leader-Invest has publicly traded bonds since 2016
- S&P credit rating of B with a positive outlook

REPUTABLE SHAREHOLDER

- Leader-Invest is a subsidiary of Sistema PJSFC, whose shares and GDRs are listed on MOEX and the LSE since 2005
- Sistema PJSFC is a well-recognised holding company with reputable investment track record
- Well defined corporate governance platform in line with international standards
- Sistema PJSFC to remain a 49% minority shareholder post transaction

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
**LEADER-INVEST PORTFOLIO OVERVIEW**

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>TOTAL AREA (sqm)</th>
<th>PROPERTY CLASS</th>
<th>BRIEF OVERVIEW</th>
<th>CONSTRUCTION PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WINGS</strong></td>
<td>186</td>
<td>Business</td>
<td>Wings is a business-class project located in the Ramenki district of Moscow, just minutes from major transport routes and within walking distance of the Michurinsky Prospekt metro station. The project’s three interconnected buildings of up to 21 storeys, with a total of 1,473 apartments and 186 sqm of NSA, look out over a forest park and the Ramenka river. This development will offer residents 3.1-metre high ceilings with large windows that will provide for excellent views and plenty of natural lighting. The private territory of the Wings project will include recreation grounds, a preschool and school as well as commercial and office space.</td>
<td>2018 – 2023</td>
</tr>
<tr>
<td><strong>CENTRAL PARK</strong></td>
<td>350</td>
<td>Business</td>
<td>Central Park is a business-class project located on the shore of the Moscow River in the Nagatino district of Moscow near major transport routes and just 5 minutes from the nearest metro station. The project will include residential and commercial space, as well as underground parking. Central Park will offer residents extensive landscaped green spaces, including pedestrian boulevards along the Moscow River embankment. This 4-hectare development will become a self-contained neighbourhood, with cafes and restaurants, shopping and social infrastructure all located on the carefully thought-out territory.</td>
<td>2019 – 2025</td>
</tr>
<tr>
<td><strong>ZIL YUG</strong></td>
<td>623</td>
<td>Business / Comfort</td>
<td>This large-scale urban redevelopment project will create a new business- and comfort-class residential district with 623 sqm of NSA on a 109-hectare land plot just 6km from the Kremlin. Developed based on a “smart neighbourhood” concept, the district will be equipped with electric car charging stations, sorting facilities for recycling waste and other features that will make ZIL Yug one of the world’s most modern urban districts. The ZIL Yug project will house approximately 60,000 residents and include an exhibition centre, shopping centre, schools, preschools, a hospital and health clinic.</td>
<td>2020 – 2028</td>
</tr>
<tr>
<td><strong>OTHER PROJECTS</strong></td>
<td>301</td>
<td>Premium / Business / Comfort</td>
<td>Leader-Invest’s landbank includes 28 other projects that are either under construction or in the design stage, with a total area of 301 sqm. The company’s portfolio includes premium-, business- and comfort-class projects located in well-developed residential areas with good social infrastructure inside the Moscow Ring Road, all with good access to public transport and main roads, as well as parks, shopping and entertainment facilities.</td>
<td>by 2024</td>
</tr>
</tbody>
</table>

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(1) Knight Frank estimate as of 31.12.2018
VALUE ENHANCING ACQUISITION

ACQUISITION OF MORE PROFITABLE PROJECTS AT AN ATTRACTIVE PRICE:

<table>
<thead>
<tr>
<th></th>
<th>land cost range, RUB ths</th>
<th>average land cost, RUB ths</th>
<th>price range, RUB ths</th>
<th>average price, RUB ths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Etalon’s land cost per sqm&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0  20  26  38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader acquisition cost per sqm&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etalon’s residential price per sqm&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>132  154  200</td>
<td></td>
</tr>
<tr>
<td>Leader’s residential price per sqm&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td>240</td>
</tr>
</tbody>
</table>

- The cost of RUB 23 ths per sqm for the acquisition of Leader-Invest is close to the lower end of Etalon Group’s current price range for land acquisition of RUB 20 ths – RUB 38 ths per sqm, and 11% below Etalon Group’s average acquisition cost of RUB 26 ths per sqm.

- The average selling price of RUB 240 ths per sqm<sup>(3)</sup> for Leader-Invest projects is significantly above the current range of RUB 132 ths – RUB 200 ths per sqm for Etalon Group’s projects.

<sup>(1)</sup> For Etalon Group projects under construction in Moscow within the Moscow Ring Road
<sup>(2)</sup> Acquisition cost divided by Etalon’s share of unsold area in Leader-Invest project portfolio of 1.3 mln sqm
<sup>(3)</sup> Forecasted average real estate sale price for Leader-Invest projects
Management has conducted an analysis of potential synergies with Leader-Invest on the basis of the Group’s experience in the real estate sector and precedent transactions in the industry.

A preliminary analysis of potential synergies has identified the following areas:

<table>
<thead>
<tr>
<th>CONSTRUCTION COSTS</th>
<th>ADMINISTRATIVE EXPENSES</th>
<th>SELLING EXPENSES</th>
<th>FINANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Optimisation of materials sourcing and procurement</td>
<td>1. Personnel cost optimisation</td>
<td>1. Utilisation of combined sales network</td>
<td>1. Refinancing of current Leader-Invest debt at Etalon’s marginal financing cost</td>
</tr>
<tr>
<td>2. General and subcontractors services costs optimisation</td>
<td>2. Rationalisation of shared services</td>
<td>2. Combined procurement of marketing / advertisement services</td>
<td></td>
</tr>
<tr>
<td>3. Increased purchasing power in new land plot acquisitions – lower acquisition costs</td>
<td></td>
<td>3. Increased efficiency of customer funnel</td>
<td></td>
</tr>
</tbody>
</table>

RUB 0.7 bln – RUB 1.1 bln

Estimated annual savings\(^{(1)}\)

---

\(^{(1)}\) One-off integration costs in 2019 are estimated at c. RUB 0.5-0.9 bln
JOINT BRANDING UNDER ETALON’S ROOF

**Etalon Group**

- More than 30-year history
- Successful track record in Russia with 6.3 million sqm commissioned since inception, without any delays
- TOP-3 brand by customer recognition in St Petersburg
- TOP-10 brand by customer recognition in Moscow
- #1 developer operating in Moscow and St Petersburg by customer recognition in Russia’s regions thanks to nationwide sales and marketing network
- The highest (5 out of 5) grade of quality according to Russian Unified Registrar of Residential Real Estate Developers
- Strong corporate brand without unified project branding

**LEADER INVEST**

- Leading developer in Moscow by number projects in portfolio
- TOP-30 brand by customer recognition in Moscow
- Established product branding for business class residential property called “Schastye” (Happiness):
  - Normal (3 out of 5) grade of quality according to Russian Unified Registrar of Residential Real Estate Developers
  - One of three developers in Moscow market that uses the word “leader” in its name
  - Low brand recognition in Russia’s regions

**BENEFITS:**

- Reputation as a reliable developer with significant experience will add value to Leader-Invest projects
- Well-developed sales network and high brand recognition for Etalon will significantly increase sales for Leader-Invest projects
- Large number of projects will further strengthen Etalon’s brand recognition in Moscow
- Potential to use well-developed project branding standards of Leader-Invest
STRENGTHENING MARKET POSITION IN MOSCOW

#1 BY NUMBER OF PROJECTS OFFERED TO THE MARKET

- Etalon Group: 28
- PIK
- LEADER INVEST: 23
- MR Group: 18
- Donstroi: 16
- Capital Group: 10
- Ingrad: 7
- RG Development: 7
- Pioneer: 6
- Gals: 6
- Capital Group: 5

#2 IN SALES

- Etalon Group: 203
- PIK: 628
- LSR: 192
- MR Group: 190
- Ingrad: 166
- Capital Group: 153
- PSN: 144
- Donstroi: 142
- Pioneer: 134
- DSK-1: 118
- Capital Group: 110

#2 IN VOLUMES UNDER CONSTRUCTION

- Etalon Group: 760
- PIK: 3,629
- LSR: 700
- MR Group: 692
- Ingrad: 625
- Capital Group: 516
- PSN: 461
- Donstroi: 364
- Pioneer: 339
- Capital Group: 315

---

(1) Based on Knight Frank data as of 31.12.2018; for sales ranking the data for residential real estate sales is used without commercial premises and parking.
1. UNIQUE OPPORTUNITY TO ACCELERATE GROWTH IN SALES AND POSITIVE OPERATING CASH FLOW EVEN FURTHER AND TO REACH STRATEGIC GOALS AHEAD OF SCHEDULE, WHILE CONTINUING TO PAY DIVIDENDS IN LINE WITH EXISTING DIVIDEND POLICY

2. ACQUISITION OF HIGH-QUALITY PROJECT PORTFOLIO WITH EXCELLENT GEOGRAPHICAL FIT, WHILE MAINTAINING STRONG BALANCE SHEET

3. RIGHT TIME FOR TRANSACTION TO CONSOLIDATE MARKET IN KEY REGION

4. OPPORTUNITY TO CREATE VALUE THROUGH SYNERGIES AND IMPROVED PROFITABILITY
# PORTFOLIO SUMMARY

<table>
<thead>
<tr>
<th>TOTAL VALUE OF ASSETS UNDER MANAGEMENT(^{(1)})</th>
<th>ETALON SHARE OF TOTAL ASSETS VALUE(^{(1)})</th>
<th>ETALON SHARE OF TOTAL ASSETS VALUE PER GDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>187 bln RUB</td>
<td>154 bln RUB</td>
<td>7.5 USD per GDR</td>
</tr>
</tbody>
</table>

The total value of property assets under Etalon Group’s management grew by 38% year-on-year in rouble terms and reached RUB 187 bln.

Etalon Group’s share of the total property asset value amounted to a record-high RUB 154 bln.

Etalon Group’s share of the total assets value amounted to USD 2.2 bln\(^{(2)}\), or USD 7.5 per share/GDR.

---
\(^{(1)}\) Including construction and maintenance business  
\(^{(2)}\) Central Bank of Russia exchange rate as of 31.12.2018
LEADER-INVEST PORTFOLIO

1.3 MLN SQM UNSOLD NSA(1)

67 RUB BLN OPEN MARKET VALUE(1)

31 PROJECTS UNDER DEVELOPMENT

BREAKDOWN BY STAGE(2)

- Construction: 44%
- Design: 54%
- Completed: 2%

BREAKDOWN BY SEGMENT(2)

- Comfort: 58%
- Business: 2%
- Premium: 40%

PROJECTS IN MOSCOW

(1) Unsold NSA and OMV of Etalon Group’s property under management
(2) As % of Unsold NSA, in sqm terms
PROJECT PORTFOLIO OPEN MARKET VALUE

MARKET VALUE OF PROJECTS UNDER ETALON GROUP MANAGEMENT
b\text{ln RUB}

\begin{align*}
\text{2010} & : 43 \\
\text{2011} & : 55 \\
\text{2012} & : 72 \\
\text{2013} & : 89 \\
\text{2014} & : 104 \\
\text{2015} & : 104 \\
\text{2016} & : 116 \\
\text{2017} & : 127 \\
\text{2018} & : 67 \\
\end{align*}

\begin{itemize}
\item The current portfolio includes 403 thousand sqm of completed and available for sale property at projects that are completed or still underway, out of which completed and available for sale apartments account for 117 thousand sqm.
\item Knight Frank estimates potential income from the sale of all completed and available for sale property at RUB 29,516 million, including RUB 15,322 million from the sale of completed and available for sale apartments.
\end{itemize}

Source: Knight Frank estimate as of 31.12.2018

\(1\) As \% of Unsold NSA, in sqm terms. Percentages may not add up to exactly 100 due to rounding.
### CURRENT PROJECTS

#### 1. Moscow Region

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>STATUTORY</th>
<th>TOTAL NSA ('000 SQM)</th>
<th>UNSOLD NSA UNDER ETALON MANAGEMENT ('000 SQM)(1)</th>
<th>UNSOLD PARKING (LOTS), #</th>
<th>OMV UNDER ETALON MANAGEMENT (MLN RUB)</th>
<th>OMV (MLN RUB)</th>
<th>INCOME FROM SALES (MLN RUB)(2)</th>
<th>CONSTRUCTION BUDGET (MLN RUB)(3)</th>
<th>OUTSTANDING BUDGET (MLN RUB)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerald Hills</td>
<td>Construction</td>
<td>809</td>
<td>462</td>
<td>3,653</td>
<td>17,268</td>
<td>17,268</td>
<td>78,386</td>
<td>47,121</td>
<td>30,380</td>
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<tr>
<td>Moscov Gates</td>
<td>Construction</td>
<td>235</td>
<td>24</td>
<td>608</td>
<td>887</td>
<td>887</td>
<td>21,543</td>
<td>9,988</td>
<td>1,238</td>
</tr>
<tr>
<td>Okhta House</td>
<td>Construction</td>
<td>133</td>
<td>122</td>
<td>80</td>
<td>5,469</td>
<td>5,469</td>
<td>19,036</td>
<td>6,431</td>
<td>5,525</td>
</tr>
<tr>
<td>Okhta House on Blyukhira (Kalininsky district)</td>
<td>Construction</td>
<td>105</td>
<td>44</td>
<td>305</td>
<td>2,500</td>
<td>2,500</td>
<td>8,938</td>
<td>4,996</td>
<td>3,005</td>
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<tr>
<td>Petrovsky Landmark (Petrovsky Island)</td>
<td>Construction</td>
<td>89</td>
<td>66</td>
<td>395</td>
<td>5,115</td>
<td>5,115</td>
<td>15,409</td>
<td>5,836</td>
<td>5,476</td>
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<tr>
<td>Elalon on the Neva (Nevsky district)</td>
<td>Construction</td>
<td>76</td>
<td>72</td>
<td>501</td>
<td>2,928</td>
<td>2,928</td>
<td>8,980</td>
<td>4,091</td>
<td>3,597</td>
</tr>
<tr>
<td>Morskaya zvezda</td>
<td>Construction</td>
<td>61</td>
<td>25</td>
<td>148</td>
<td>1,795</td>
<td>1,795</td>
<td>3,410</td>
<td>2,291</td>
<td>842</td>
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<tr>
<td>Botanica</td>
<td>Construction</td>
<td>47</td>
<td>35</td>
<td>360</td>
<td>2,699</td>
<td>2,699</td>
<td>7,519</td>
<td>2,810</td>
<td>1,523</td>
</tr>
<tr>
<td>House on Obruchevkikh Street</td>
<td>Construction</td>
<td>44</td>
<td>22</td>
<td>426</td>
<td>1,224</td>
<td>1,224</td>
<td>4,886</td>
<td>2,611</td>
<td>425</td>
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<tr>
<td>Belooslotskovskaya</td>
<td>Design stage</td>
<td>29</td>
<td>28</td>
<td>235</td>
<td>746</td>
<td>746</td>
<td>3,675</td>
<td>1,660</td>
<td>1,641</td>
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<td>House on Kosonnavov</td>
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<td>27</td>
<td>20</td>
<td>174</td>
<td>1,129</td>
<td>1,129</td>
<td>2,364</td>
<td>1,352</td>
<td>730</td>
</tr>
<tr>
<td>Fusion (Project on Krapivnaya Pereulok)</td>
<td>Construction</td>
<td>14</td>
<td>10</td>
<td>71</td>
<td>831</td>
<td>831</td>
<td>2,199</td>
<td>1,119</td>
<td>672</td>
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<tr>
<td>Korolyova prospect</td>
<td>Design stage</td>
<td>6</td>
<td>6</td>
<td>47</td>
<td>212</td>
<td>212</td>
<td>606</td>
<td>372</td>
<td>340</td>
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<tr>
<td>Moskovsky District</td>
<td>Design stage</td>
<td>139</td>
<td>135</td>
<td>1,010</td>
<td>5,587</td>
<td>5,587</td>
<td>17,125</td>
<td>6,255</td>
<td>6,252</td>
</tr>
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</table>

#### TOTAL ST PETERSBURG

| | | 1,014 | 1,072 | 8,013 | 48,388 | 48,388 | 194,076 | 96,934 | 61,646 |

### MOSCOW METROPOLITAN AREA (MMA)(4)

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>STATUTORY</th>
<th>TOTAL NSA ('000 SQM)</th>
<th>UNSOLD NSA UNDER ETALON MANAGEMENT ('000 SQM)(1)</th>
<th>UNSOLD PARKING (LOTS), #</th>
<th>OMV UNDER ETALON MANAGEMENT (MLN RUB)</th>
<th>OMV (MLN RUB)</th>
<th>INCOME FROM SALES (MLN RUB)(2)</th>
<th>CONSTRUCTION BUDGET (MLN RUB)(3)</th>
<th>OUTSTANDING BUDGET (MLN RUB)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerald Hills</td>
<td>Construction</td>
<td>855</td>
<td>129</td>
<td>920</td>
<td>8,673</td>
<td>8,673</td>
<td>60,108</td>
<td>38,877</td>
<td>6,071</td>
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<td>Elalon-City</td>
<td>Construction</td>
<td>363</td>
<td>42</td>
<td>655</td>
<td>4,011</td>
<td>4,011</td>
<td>28,694</td>
<td>18,397</td>
<td>1,370</td>
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<tr>
<td>Summer Garden</td>
<td>Construction</td>
<td>294</td>
<td>114</td>
<td>894</td>
<td>6,696</td>
<td>6,696</td>
<td>35,947</td>
<td>17,402</td>
<td>9,187</td>
</tr>
<tr>
<td>Silver Fountain</td>
<td>Construction</td>
<td>226</td>
<td>183</td>
<td>1,986</td>
<td>11,111</td>
<td>11,111</td>
<td>42,121</td>
<td>20,925</td>
<td>17,197</td>
</tr>
<tr>
<td>Normandy</td>
<td>Construction</td>
<td>129</td>
<td>83</td>
<td>499</td>
<td>5,889</td>
<td>5,889</td>
<td>16,522</td>
<td>8,005</td>
<td>5,360</td>
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<tr>
<td>Mityshinsky District</td>
<td>Design stage</td>
<td>93</td>
<td>82</td>
<td>322</td>
<td>1,019</td>
<td>1,019</td>
<td>6,978</td>
<td>4,467</td>
<td>3,481</td>
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<tr>
<td>Golden Star</td>
<td>Construction</td>
<td>85</td>
<td>5</td>
<td>88</td>
<td>22</td>
<td>22</td>
<td>10,211</td>
<td>5,338</td>
<td>4,873</td>
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<td>Latynovskaya Street</td>
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<td>82</td>
<td>81</td>
<td>589</td>
<td>7,096</td>
<td>7,096</td>
<td>19,976</td>
<td>8,486</td>
<td>7,905</td>
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<td>ZIL Yug</td>
<td>Design stage</td>
<td>623</td>
<td>623</td>
<td>3,747</td>
<td>19,163</td>
<td>19,163</td>
<td>72,318</td>
<td>50,741</td>
<td>50,591</td>
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<td>Central Park (Nagatino I-Land)</td>
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<td>350</td>
<td>1,816</td>
<td>17,254</td>
<td>17,254</td>
<td>69,378</td>
<td>33,216</td>
<td>31,735</td>
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<tr>
<td>Wings (Lobachevsky 120)</td>
<td>Construction</td>
<td>186</td>
<td>164</td>
<td>855</td>
<td>10,234</td>
<td>10,234</td>
<td>37,945</td>
<td>14,932</td>
<td>13,815</td>
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<tr>
<td>Schastye v Tushino (Yana Raynisa 4)</td>
<td>Construction</td>
<td>13</td>
<td>3</td>
<td>35</td>
<td>0</td>
<td>0</td>
<td>2,259</td>
<td>1,201</td>
<td>687</td>
</tr>
<tr>
<td>Schastye na Volgogradke (Fydora Polestaeva 15A)</td>
<td>Construction</td>
<td>14</td>
<td>10</td>
<td>123</td>
<td>473</td>
<td>473</td>
<td>1,674</td>
<td>1,180</td>
<td>574</td>
</tr>
<tr>
<td>Fotedrov 5</td>
<td>Design stage</td>
<td>11</td>
<td>11</td>
<td>113</td>
<td>1,372</td>
<td>1,372</td>
<td>4,024</td>
<td>1,748</td>
<td>1,248</td>
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<tr>
<td>Nagornaya 28</td>
<td>Design stage</td>
<td>11</td>
<td>11</td>
<td>46</td>
<td>1,524</td>
<td>1,524</td>
<td>2,019</td>
<td>979</td>
<td>977</td>
</tr>
<tr>
<td>Schastye v Lianoznovo (Abramitsesvskaya, 10)</td>
<td>Construction</td>
<td>8</td>
<td>2</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>1,207</td>
<td>889</td>
<td>259</td>
</tr>
<tr>
<td>Schastye v Kuzminke (Zelenodolskaya st., 41/2)</td>
<td>Construction</td>
<td>9</td>
<td>4</td>
<td>79</td>
<td>0</td>
<td>0</td>
<td>1,282</td>
<td>1,165</td>
<td>577</td>
</tr>
<tr>
<td>Snezhnaya 20</td>
<td>Design stage</td>
<td>12</td>
<td>12</td>
<td>113</td>
<td>969</td>
<td>969</td>
<td>4,159</td>
<td>844</td>
<td>441</td>
</tr>
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<td>Electrozavodskaya 60</td>
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<td>10</td>
<td>88</td>
<td>355</td>
<td>355</td>
<td>1,695</td>
<td>1,294</td>
<td>1,166</td>
</tr>
</tbody>
</table>

Source: Knight Frank valuation report as of 31.12.2018

(1) Including parking. Parking area in launched projects with partially sold parking lots is calculated as 30 sqm per 1 parking place.
(2) Income from sales includes potential and received incomes as of 31.12.2018
(3) Excluding land acquisition costs
(4) Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road
## ETALON GROUP ASSETS VALUE (2/2)

### MOSCOW METROPOLITAN AREA (MMA)

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>STATUS</th>
<th>TOTAL NSA ('000 SQM)</th>
<th>UNSOLD NSA UNDER ETALON MANAGEMENT ('000 SQM)(1)</th>
<th>UNSOLD PARKING (LOTS), #</th>
<th>OMV UNDER ETALON MANAGEMENT (MLN RUB)</th>
<th>OMV (MLN RUB)</th>
<th>INCOME FROM SALES (MLN RUB)(2)</th>
<th>CONSTRUCTION BUDGET (MLN RUB)(3)</th>
<th>OUTSTANDING BUDGET (MLN RUB)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Dom v Konkovo (Akademika Kapitsy, 32)</td>
<td>Design stage</td>
<td>7</td>
<td>7</td>
<td>39</td>
<td>1,126</td>
<td>574</td>
<td>1,447</td>
<td>837</td>
<td>785</td>
</tr>
<tr>
<td>22 Yaroslavskie 51</td>
<td>Design stage</td>
<td>9</td>
<td>9</td>
<td>33</td>
<td>730</td>
<td>372</td>
<td>1,410</td>
<td>748</td>
<td>585</td>
</tr>
<tr>
<td>23 Schastye v Chertanov (Chertanovskaya 59)</td>
<td>Construction</td>
<td>8</td>
<td>2</td>
<td>51</td>
<td>85</td>
<td>43</td>
<td>1,139</td>
<td>716</td>
<td>125</td>
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<tr>
<td>24 Schastye na Shudomenskoy (Fabriciusa 18 blld. 1)</td>
<td>Construction</td>
<td>8</td>
<td>2</td>
<td>29</td>
<td>236</td>
<td>120</td>
<td>1,228</td>
<td>826</td>
<td>0</td>
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<tr>
<td>25 Schastye na Maslovke (Mishina 14)</td>
<td>Construction</td>
<td>7</td>
<td>4</td>
<td>61</td>
<td>569</td>
<td>290</td>
<td>1,509</td>
<td>974</td>
<td>274</td>
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<tr>
<td>26 Schastye v Sadovnikakh (Nagatinskaya st., 4/3)</td>
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<td>3</td>
<td>24</td>
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<td>1,055</td>
<td>825</td>
<td>549</td>
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<td>27 Kremenchugskaya 3</td>
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<td>6</td>
<td>35</td>
<td>382</td>
<td>195</td>
<td>936</td>
<td>732</td>
<td>728</td>
</tr>
<tr>
<td>28 Schastye v Tsaritsyno (Kavkazskiy blvr 27k2)</td>
<td>Construction</td>
<td>7</td>
<td>1</td>
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<td>0</td>
<td>0</td>
<td>1,110</td>
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<td>Construction</td>
<td>7</td>
<td>2</td>
<td>48</td>
<td>131</td>
<td>67</td>
<td>1,327</td>
<td>929</td>
<td>120</td>
</tr>
<tr>
<td>30 Schastye v Veshnyakh (Veshnyakovskaya 18G)</td>
<td>Construction</td>
<td>6</td>
<td>4</td>
<td>48</td>
<td>626</td>
<td>319</td>
<td>832</td>
<td>797</td>
<td>162</td>
</tr>
<tr>
<td>31 Schastye na Dmitrovke (Sofi Kovalevskoy st., 20)</td>
<td>Construction</td>
<td>7</td>
<td>4</td>
<td>29</td>
<td>956</td>
<td>488</td>
<td>938</td>
<td>688</td>
<td>0</td>
</tr>
<tr>
<td>32 Schastye na Semyonovskoi (Izmailovskoe shosse 20)</td>
<td>Design stage</td>
<td>7</td>
<td>7</td>
<td>31</td>
<td>482</td>
<td>246</td>
<td>946</td>
<td>591</td>
<td>418</td>
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<tr>
<td>33 Lomonosovskiy ave. 36</td>
<td>Design stage</td>
<td>6</td>
<td>6</td>
<td>54</td>
<td>1,023</td>
<td>522</td>
<td>1,743</td>
<td>737</td>
<td>594</td>
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<tr>
<td>34 Residence on Pokrovskom (Pokrovskiy blvr 5/2)</td>
<td>Construction</td>
<td>6</td>
<td>2</td>
<td>27</td>
<td>364</td>
<td>186</td>
<td>2,559</td>
<td>1,142</td>
<td>166</td>
</tr>
<tr>
<td>35 Schastye na Leninskom (Leninskiy 154)</td>
<td>Construction</td>
<td>6</td>
<td>2</td>
<td>39</td>
<td>170</td>
<td>87</td>
<td>1,180</td>
<td>801</td>
<td>161</td>
</tr>
<tr>
<td>36 Schastye na Presne (Krasnogvardeyskiy 15 blldg. 2)</td>
<td>Construction</td>
<td>6</td>
<td>4</td>
<td>14</td>
<td>394</td>
<td>201</td>
<td>1,456</td>
<td>875</td>
<td>581</td>
</tr>
<tr>
<td>37 Schastye v Kuskovo (Veshnyakovskaya st., 10)</td>
<td>Construction</td>
<td>6</td>
<td>6</td>
<td>36</td>
<td>464</td>
<td>237</td>
<td>848</td>
<td>718</td>
<td>457</td>
</tr>
<tr>
<td>38 Bolshaya Cherkizovskaya st. 4</td>
<td>Design stage</td>
<td>6</td>
<td>6</td>
<td>30</td>
<td>427</td>
<td>218</td>
<td>1,012</td>
<td>626</td>
<td>533</td>
</tr>
<tr>
<td>39 Residence on Vsevolozhsky (Vsevolozhsky per., 5)</td>
<td>Construction</td>
<td>4</td>
<td>3</td>
<td>25</td>
<td>2,265</td>
<td>1,155</td>
<td>4,688</td>
<td>1,637</td>
<td>199</td>
</tr>
</tbody>
</table>

**TOTAL MMA**

| 3,508 | 2,004 | 5,505 | 106,516 | 76,136 | 498,127 |

**TOTAL CURRENT PROJECTS**

| 5,321 | 3,076 | 13,966 | 154,904 | 124,524 | 692,203 | 343,615 | 224,065 |

### COMPLETED PROJECTS

- Residential property in completed projects: 2,426, 263, 6,197, 18,524, 17,294, 190,035
- Completed stand-alone commercial properties: 24, 18, 55, 903
- Land plots for sale: 2,593, 1,323

**TOTAL COMPLETED PROJECTS**

| 2,450 | 282 | 6,252 | 22,020 | 19,520 | 190,035 |

**TOTAL ETALON GROUP PROJECTS**

| 7,772 | 3,357 | 20,218 | 176,925 | 144,044 | 882,238 | 343,615 | 224,065 |

### PRODUCTION UNIT

- Production Unit's business and properties: 20, 9,983

**TOTAL ASSETS VALUE**

| 7,772 | 3,377 | 20,218 | 186,908 | 154,027 | 498,127 |

---

(1) Including parking. Parking area in launched projects with partially sold parking lots is calculated as 30 sqm per 1 parking place.

(2) Income from sales includes potential and received incomes as of 31.12.2018.

(3) Excluding land acquisition costs.

(4) Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road.

Source: Knight Frank valuation report as of 31.12.2018
ZIL YUG DEVELOPMENT

**REGION:** MOSCOW

**SITE AREA:** 56.8 HECTARES

**CLASS:** COMFORT/BUSINESS

**PLANNED LAUNCH:** 2020

**STATUS:** MASTER PLAN APPROVED

**MARKET VALUE:** RUB 19.2 BLN

623 THS SQM

DEVELOPMENT SITE AND STAGES

REGION: MOSCOW

SITE AREA: 56.8 HECTARES

CLASS: COMFORT/BUSINESS

PLANNED LAUNCH: 2020

STATUS: MASTER PLAN APPROVED

MARKET VALUE: RUB 19.2 BLN
CENTRAL PARK DEVELOPMENT

350 THS SQM

REGION: MOSCOW
SITE AREA: 14.8 HECTARES
CLASS: BUSINESS
PLANNED LAUNCH: 2019
STATUS: BUILDING PERMIT GRANTED
MARKET VALUE: RUB 17.3 BLN
# ETALON GROUP EXPERIENCE IN MEGA PROJECTS DEVELOPMENT

<table>
<thead>
<tr>
<th>Project</th>
<th>Region</th>
<th>Site Area</th>
<th>Launch Year</th>
<th>Status</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>JUBILEE ESTATE</td>
<td>ST PETERSBURG</td>
<td>35.4 hectares</td>
<td>2007</td>
<td>Completed in 2012</td>
<td>Sold out</td>
</tr>
<tr>
<td>EMERALD HILLS</td>
<td>MOSCOW REGION</td>
<td>67 hectares</td>
<td>2009</td>
<td>Under construction</td>
<td>83% sold</td>
</tr>
<tr>
<td>GALACTICA</td>
<td>ST PETERSBURG</td>
<td>37 hectares</td>
<td>2015</td>
<td>Under construction</td>
<td>27% sold</td>
</tr>
</tbody>
</table>
UNIFIED CONSTRUCTION AND MAINTENANCE DIVISION VALUATION

UNIFIED DIVISION OPEN MARKET VALUE

bln RUB

8.3
31.12.2017

10.0
31.12.2018

+21%

OVERVIEW OF UNIFIED DIVISION

1.5 mln sqm currently under construction, with potential capacity up to 2.4 mln sqm

5.0 mln sqm of residential & commercial area and 21.0 thous parking places under maintenance as of 31.12.2018

Brick plant production capacity is 42 mln bricks per year

62 Liebherr and Wolff tower cranes

4 office buildings with total area of 20 thous sqm

---

(1) Knight Frank estimate as of 31.12.2018

(2) Company data
LEADER-INVEST INTEGRATION
INTEGRATION TIMETABLE

INTEGRATION PROCESS IS WELL ON TRACK, WITH OPERATIONAL INTEGRATION ALMOST FULLY COMPLETED

DEAL CLOSING
Feb. 2019

OPERATIONAL INTEGRATION
1Q 2019

- Integration of Leader-Invest projects into the Etalon sales network completed
- Termination of inefficient construction contracts and signing of new contracts with Etalon general and sub contractors based on tender procedures completed
- Established unified management team
- Optimisation of personnel structure and elimination of duplicate functions is well on track

ADVANCED INTEGRATION
2Q 2019

- Unification of IFRS reporting systems, as well as other policies and standards
- Formation of a unified corporate culture
- Best practices identification and its implementation
- Prepare new development strategy

INTEGRATION COMPLETED, NEW STRATEGY
3Q 2019

1. Start of sales of Leader-Invest projects under the Etalon Group brand
2. Leader-Invest consolidation in financial reporting
3. New strategy adoption and presentation to the market
MANAGEMENT TEAM FOR MOSCOW OPERATIONS

APPROACH TO THE FORMATION

• Determine the optimal system for managing the integrated business
• Identify best practices in both companies
• Establish a management team based on the best practices in both companies
• Merge corporate cultures by maintaining a balance between Etalon Group and Leader-Invest teams in management positions
• Establish a unified management incentive system for the combined business

NEXT STEPS

• Headcount optimisation and reduction of duplicate functions
• Single office in Moscow
• Establish a unified incentive system for employees of the integrated company

NEW MANAGEMENT TEAM STRUCTURE

Head of Moscow Operations

Head of Finance

Head of Construction and Development

Head of Sales

Head of Marketing

Head of Internal Audit

Head of Legal

- from Etalon Group

- from Leader-Invest

BALANCED APPROACH ENABLES SUCCESSFUL TRANSITION PERIOD
INTEGRATION OF LEADER-INVEST PROJECTS INTO THE ETALON SALES NETWORK

INTEGRATION MILESTONES

• Promotion of Leader-Invest projects on the Etalon Group sales website
• Establishing infrastructure for sales of Leader-Invest projects in Etalon Group sales offices
• Integration of CRM systems
• Training of sales managers to promote an extended range of projects
• Launch of sales of Leader-Invest projects via Etalon Group regional sales network is well on track
• Launch of transition of Leader-Invest projects to Etalon Group branding

FIRST RESULTS

• Increase in sales and prices for Leader-Invest projects
• Expanded customer base

Source: Company data
(1) www.etalon-invest.com
CONSTRUCTION AND DEVELOPMENT

INTEGRATION MILESTONES

• Deep audit of Leader-Invest construction sites
• Legal due diligence on contracts with general contractors and subcontractors for possible termination and estimation of termination costs
• Termination of contracts with contractors that are responsible for construction delays
• Etalon Group companies carry out general contracting and subcontracting work at Leader-Invest construction sites
• Transfer of completed Leader-Invest projects to Etalon Group’s service and maintenance company

FIRST RESULTS

• Improved construction quality and construction schedules
• Reduction in building materials procurement costs

ETALON GROUP SUBCONTRACTOR LENSPETSSMU COMFORT ON LEADER-INVEST PROJECTS

LEADER-INVEST INTEGRATION ／ ETALON GROUP ／ 41
1Q 2019 OPERATING RESULTS
The number of new contracts reached **3,470 in 1Q 2019**, up by **35%** compared to **1Q 2018**.

Source: Company data
### 1Q 2019 OPERATING RESULTS: BREAKDOWN BY REGIONS

<table>
<thead>
<tr>
<th></th>
<th>Moscow</th>
<th>St Petersburg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW CONTRACT SALES</strong></td>
<td>1Q 19</td>
<td>1Q 19</td>
</tr>
<tr>
<td>ths sqm</td>
<td>86.1</td>
<td>81.8</td>
</tr>
<tr>
<td></td>
<td><strong>+45%</strong></td>
<td><strong>+10%</strong></td>
</tr>
<tr>
<td>1Q 18</td>
<td>59.5</td>
<td>74.6</td>
</tr>
<tr>
<td></td>
<td><strong>St Petersburg</strong></td>
<td><strong>1Q 19</strong></td>
</tr>
<tr>
<td></td>
<td><strong>+15%</strong></td>
<td><strong>+43%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>1Q 18</strong></td>
<td><strong>1Q 18</strong></td>
</tr>
<tr>
<td><strong>CASH COLLECTIONS</strong></td>
<td><strong>1Q 19</strong></td>
<td><strong>1Q 19</strong></td>
</tr>
<tr>
<td>bln RUB</td>
<td>11.6</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td><strong>+83%</strong></td>
<td><strong>+15%</strong></td>
</tr>
<tr>
<td>1Q 18</td>
<td>6.3</td>
<td>7.3</td>
</tr>
</tbody>
</table>

IN 1Q 2019 MOSCOW SALES DEMONSTRATED OUTSTANDING PERFORMANCE

Source: Company data
1Q 2019 OPERATING RESULTS: ETALON GROUP

EVEN WITHOUT LEADER-INVEST SALES, ETALON GROUP REPORTED RECORD RESULTS FOR 1Q 2019

NEW CONTRACT SALES
ths sqm

1Q 18: 134
1Q 19: 152
+13%

NEW CONTRACT SALES
mln RUB

1Q 18: 13,605
1Q 19: 17,249
+27%

CASH COLLECTIONS
mln RUB

1Q 18: 12,778
1Q 19: 20,244
+58%

• The number of new contracts signed by Etalon Group reached 3,150 in 1Q 2019, up by 22% compared to 1Q 2018

Source: Company data
1Q 2019 OPERATING RESULTS: LEADER-INVEST

NEW CONTRACT SALES
ths sqm

- 15.6 1Q 18
- 16.0 1Q 19

+3%

NEW CONTRACT SALES
mln RUB

- 2,533 1Q 18
- 2,704 1Q 19

+7%

CASH COLLECTIONS
mln RUB

- 2,211 1Q 18
- 3,388 1Q 19

+53%

The number of new contracts signed by Leader-Invest reached **320 in 1Q 2019**, up by **19%** compared to 1Q 2018.

Source: Company data
AVERAGE PRICE AND DOWN PAYMENT PERFORMANCE

AVERAGE PRICE TOTAL
RUB/sqm

AVERAGE PRICE APARTMENTS
RUB/sqm

AVERAGE DOWN PAYMENT
%

AVERAGE PRICE FOR APARTMENTS INCREASED BY 23% YEAR-ON-YEAR

Source: Company data
NUMBER OF MORTGAGE SALES ROSE BY 26%, WHILE THE SHARE OF MORTGAGE SALES DECREASED SLIGHTLY DUE TO THE HIGHER SHARE OF BUSINESS-CLASS PROJECTS

NUMBER OF MORTGAGE CONTRACTS SIGNED

MORTGAGE CONTRACTS AS A SHARE OF SALES

AVERAGE MORTGAGE RATE IN RUSSIA\(^{(1)}\)

Source: Company data

\(^{(1)}\) Weighted average interest rate on mortgage loans given to residents of Russia for acquisition of apartments on the primary market during the month, based on CBR data
**Regional Sales Performance**

**Share of Regional Buyers**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Etalon Group</td>
<td>34%</td>
</tr>
<tr>
<td>Leader-Invest</td>
<td>16%</td>
</tr>
<tr>
<td>Combined</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Etalon Group’s Regional Sales Geography**

<table>
<thead>
<tr>
<th>Region</th>
<th>Share of Total Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leningrad region</td>
<td>2.9%</td>
</tr>
<tr>
<td>Khanty-Mansi AD</td>
<td>1.3%</td>
</tr>
<tr>
<td>Yamalo-Nenets AD</td>
<td>1.2%</td>
</tr>
<tr>
<td>Samara region</td>
<td>1.1%</td>
</tr>
<tr>
<td>Krasnodar Krai</td>
<td>1.0%</td>
</tr>
<tr>
<td>Krasnoyarsk Krai</td>
<td>0.9%</td>
</tr>
<tr>
<td>Arkhangelsk region</td>
<td>0.9%</td>
</tr>
<tr>
<td>Murmansk region</td>
<td>0.8%</td>
</tr>
<tr>
<td>Chelyabinsk region</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other Russian regions</td>
<td>20.3%</td>
</tr>
<tr>
<td>Foreigners</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32%</strong></td>
</tr>
</tbody>
</table>

**Regional Population Actively Buys Apartments in Moscow and St Petersburg**

- Etalon Group’s sales force focuses on regions with the highest per capita income levels
- Key markets: St. Petersburg and Moscow
- 58 cities covered with 25 sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

---

(1) Company data for 1Q 2019

(2) Including Leader-Invest sales
ETALON MAINTAINS A STRONG BALANCE SHEET EVEN AFTER RUB 15.2 BLN ACQUISITION

TOTAL DEBT
mln RUB

- **Etalon Group Gross Debt as of 31.12.18**: 20,912
- **(23,066)**
- **Etalon Group Cash & Equivalents** as of 31.12.18: (2,154)
- **Etalon Group Net Debt (Cash) as of 31.12.18**: (15,185)
- **Credit line for Leader-Invest Acquisition**: 5,844
- **Change in Gross Debt ex. Credit line for Leader-Invest Acquisition** as of 31.03.19: (14,354)
- **Change in Cash & Equivalents** as of 31.03.19: 4,520
- **Etalon Group Net Debt as of 31.03.19**:

Source: Company data
(1) Including bank deposits over 3 months
(2) Including Leader-Invest financial position
# NEW REGULATION BRIEF OVERVIEW

## FINANCING STRUCTURE

### CURRENT REGULATION
- **FUNDS HELD BY A DEVELOPER**
  - Use of buyers’ funds to finance construction.
  - Prohibition on distributing buyers’ funds for purposes not related to the construction of a facility until its commissioning.

### UPCOMING REGULATION
- **FUNDS HELD IN ESCROW ACCOUNTS**
  - Financing of construction from own funds and project financing.
  - Customer funds are held in an escrow account in the same bank that provides project financing to a developer.
  - **EXCEPTIONS:**
    - Projects at an advanced stage of construction (>30% complete)
    - Integrated urban development projects (>15% complete).

## COST OF FINANCING

### HIGH COST OF DEBT FINANCING
- Use of corporate loans and bonds with interest rates of 10%-11% per annum to cover project financing gaps.

### POTENTIAL FOR INTEREST RATE REDUCTION
- The interest rate on a loan disbursement backed by funds in escrow accounts decreases to 4%-5%.
- **EXCEPTIONS:**
  - Projects at an advanced stage of construction (>30% complete)
  - Integrated urban development projects (>15% complete).

## CAPITAL REQUIREMENTS

### CASH CONTRIBUTION
- 10% of the total project value must be deposited in a mandated bank before project launch.

### LAND CONTRIBUTION
- 10% of the project budget. In order to comply with capital adequacy requirements it is now enough to contribute the fully paid land plot to the project’s SPV(1).

## COMPENSATION FUND

### MANDATORY PAYMENT
- 1.2% of share purchase agreement value must be contributed to the Compensation fund for all projects for which permission was obtained after 1 July 2018.

### NO PAYMENT
- No contribution to the compensation fund is required if escrow accounts are used.

## FOR ETALON GROUP

- **1.7 mln sqm**
  - NSA of projects to be financed under the old scheme

- **4%-5%**
  - average interest rate on project financing for the remaining part of the project’s portfolio

---

(1) Based on the DOM.RF requirements
DEVELOPMENT UNDER CURRENT REGULATION

TYPICAL PROJECT TIMELINE:

- CONSTRUCTION: up to 80%
- SALES: 24 months
- SALES POST-COMPLETION: c. 20%

APPROACH:
- Extension of the construction period to finance a project from property buyers’ funds
- Distributing financing via corporate centre to cover financing gaps for Etalon projects

CASH FLOW AND COSTS:
- Free cash flow can be distributed only after completion of construction due to regulatory restrictions on share purchase agreements
- High financing costs due to high debt financing rates
TYPICAL PROJECT TIMELINE:

**APPROACH:**

- Pre-sales of property prior to construction to reduce the project financing rate to 4%-5%
- Acceleration of the pace of construction to reduce the cost of servicing debt
- Division of projects into smaller stages

**CASH FLOW AND COSTS:**

- Cash flow distribution after construction is completed
- The cost of construction will increase by 3 – 3.8%\(^{(1)}\), which could be offset by price growth
- Moderate impact on profitability owing to price increases in 2018 and early 2019

---

\(^{(1)}\) Based on the PwC research report on impact of the new regulation on the development costs
TRANSITION TO NEW REGULATION FOR ETALON GROUP

1 July 2019
BUSINESS AS USUAL

2020
TRANSITION PERIOD

2022
OPERATIONS UNDER NEW RULES

- Opportunity to purchase land at a lower price than in the current portfolio
- Opportunity to occupy a dominant position in the fragmented mid-market segment in the Moscow and St Petersburg housing markets
LONG-TERM GROWTH PRINCIPLES

GOALS SET IN 2017
- Moscow – 7% of the total volume of housing sold
- St Petersburg – 15% of the total volume of housing sold

REASONS FOR EXPANSION
- Achievement of performance targets in key markets ahead of schedule through the acquisition of Leader-Invest
- Window of opportunity associated with the transition to new industry regulation

DIRECTIONS FOR FUTURE GROWTH
- Other segments in existing core geographies and Russian cities with populations exceeding 1 million people

GOAL
- Create the largest player in mid-market segment with a portfolio that is well-diversified between Moscow and St Petersburg
- Use the current opportunity to consolidate business at minimal cost and to diversify portfolio in new markets/segments

LIMITATIONS
- Maintaining shareholder returns distribution while keeping debt at a comfortable level

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(1) As a share of new contracts in sqm during the period
CREATING THE LEADING PLAYER WITH A DIVERSIFIED PORTFOLIO IN MOSCOW AND ST PETERSBURG

ETALON GROUP

100%

PREMIUM

5% - 10%
- High profit margin
- Small market size
- High resistance to economic cycles

MID-MARKET

60%
- Attractive growth rates with high profit margin
- Solid growth as mortgage rates decline
- Sound resistance to economic cycles

MASS-MARKET

30% - 35%
- High return on invested capital during periods of economic growth
- High growth rates as mortgage rates decline

ELITE

BUSINESS CLASS

COMFORT CLASS

UPPER ECONOMY CLASS

ECONOMY CLASS

NEW STRATEGY HIGHLIGHTS / ETALON GROUP / 58
SUCCESSFUL ENTRY INTO NEW SEGMENTS

ETALON SIGNIFICANTLY GREW ITS SHARE OF BUSINESS-CLASS PROJECTS OVER THE COURSE OF TWO YEARS

NEW CONTRACT SALES
ths sqm

Share of business-class in total residential property sales
New contract sales of business-class property, ths sqm

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Share of business-class</th>
<th>New contract sales (ths sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 17</td>
<td>1%</td>
<td>0.0</td>
</tr>
<tr>
<td>2Q 17</td>
<td>4%</td>
<td>1.0</td>
</tr>
<tr>
<td>3Q 17</td>
<td>6%</td>
<td>4.2</td>
</tr>
<tr>
<td>4Q 17</td>
<td>6%</td>
<td>6.1</td>
</tr>
<tr>
<td>1Q 18</td>
<td>8%</td>
<td>6.4</td>
</tr>
<tr>
<td>2Q 18</td>
<td>9%</td>
<td>6.4</td>
</tr>
<tr>
<td>3Q 18</td>
<td>9%</td>
<td>9.3</td>
</tr>
<tr>
<td>4Q 18</td>
<td>15%</td>
<td>15.8</td>
</tr>
</tbody>
</table>

NEW CONTRACT SALES
bln RUB

Share of business-class in total residential property sales
New contract sales of business-class property, bln RUB

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Share of business-class</th>
<th>New contract sales (bln RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 17</td>
<td>1%</td>
<td>0.00</td>
</tr>
<tr>
<td>2Q 17</td>
<td>7%</td>
<td>0.14</td>
</tr>
<tr>
<td>3Q 17</td>
<td>7%</td>
<td>0.86</td>
</tr>
<tr>
<td>4Q 17</td>
<td>9%</td>
<td>1.19</td>
</tr>
<tr>
<td>1Q 18</td>
<td>10%</td>
<td>1.18</td>
</tr>
<tr>
<td>2Q 18</td>
<td>13%</td>
<td>1.35</td>
</tr>
<tr>
<td>3Q 18</td>
<td>15%</td>
<td>2.08</td>
</tr>
<tr>
<td>4Q 18</td>
<td>15%</td>
<td>3.58</td>
</tr>
</tbody>
</table>

Source: Company data
APPROACH TO PORTFOLIO EXPANSION

PROJECT ACQUISITION CRITERIA

QUANTITATIVE:

1. Size
   ▪ Large-scale (>300 ths sqm) and medium-sized (30 - 300 ths sqm) projects

2. Return
   ▪ Target IRR exceeds 15%

QUALITATIVE:

1. Focus segments
   ▪ Mass-Market
   ▪ Mid-market

2. Location
   ▪ Locations with well-developed public transport access and social infrastructure

NON-ORGANIC GROWTH OPPORTUNITIES

CRITERIA:

Value creation and further strengthening of market position through M&A with companies that meet the following criteria:

1. Focus on the same regions and segments

2. Complementary portfolio and value chain

3. Considerable operating synergies due to elimination of duplicate functions and monetisation of sales network

4. Attractive profitability across project portfolio and significant return on investments

5. High level of transparency

LIMITATIONS:

▪ Limited impact on financial position
DELIVERIES AND NEW CONTRACT SALES OUTLOOK

NEW STRATEGY HIGHLIGHTS

I
ACCUMULATING RESOURCES FOR FUTURE GROWTH

II
ACTIVE INCREASE IN MARKET SHARE

III
STABILISATION

Source: Company data
IMPROVING EFFICIENCY OF CORE BUSINESS

1. Use the window of opportunity associated with changes in industry regulation to replenish a land bank with projects at an acquisition price lower than in the current portfolio

2. Improve operating efficiency due to strengthened cost control

3. Introduce modern digital cost control systems

4. Effectively manage the construction cycle in the new regulatory environment to preserve a positive free cash flow

5. Reduce selling expenses for each signed contract by improving the efficiency of the sales function

6. Implement strict control over general and administrative expenses

7. Sell non-core assets and projects with a low return on capital
MAINTANANCE BUSINESS MONETISATION

**PLATFORM**
- OVER 5 MLN SQM
- OVER 21 THS LOTS

**SERVICES**
- 150,000 RESIDENTS
- ANNUAL GROWTH BY AT LEAST 10%
- REVENUE up to 3 RUB BLN ANNUALLY

**SCALING**

- Scalable business model thanks to annual growth in deliveries of residential property by Etalon Group as well as ability to service third-party projects at no additional cost to Etalon Group
- Synergy from cooperation with other Sistema’s portfolio companies

Source: Company data
The dividend payout ratio has been revised upward two times since the dividend policy was adopted in 2013.

Dividends of 40-70% of consolidated IFRS net profit have been paid on a semi-annual basis since May 2017.

Source: Company data
CREATION OF ENVIRONMENTALLY FRIENDLY LIVING SPACE

1. Strict compliance with environmental requirements and recommendations
2. Electricity consumption reduction
3. Fuel consumption reduction
4. Construction waste recycling
5. Use of modern engineering technologies allowing to decrease water consumption both on the construction sites and in our residential complexes
6. Use of environmental friendly materials and the technologies allowing us to improve energy efficiency of our residential complexes
7. Greening of the territories of our projects
2018 SUSTAINABLE DEVELOPMENT RESULTS

**INVESTMENTS INTO ENVIRONMENTAL PROTECTION**

+18% year-on-year – increase in investment in environmental protection in 2018

**WASTE RECYCLING**

+14% year-on-year growth in recycling of building materials in 2018

**FUEL CONSUMPTION**

-1.2% year-on-year reduction in fuel consumption during construction in 2018

**PETROL CONSUMPTION**

-1.8% year-on-year reduction in petrol consumption in 2018

**DIESEL CONSUMPTION**

-1.1% year-on-year reduction in diesel fuel consumption in 2018

**ELECTRICITY CONSUMPTION**

-0.6% year-on-year reduction in electricity consumption during construction in 2018

Source: Company data
OUR GOALS

I. TO BECOME THE LARGEST HOUSING DEVELOPER IN THE MID-MARKET SEGMENT IN MOSCOW AND ST PETERSBURG

II. TO INCREASE OUR PRESENCE IN THE MASS-MARKET AND PREMIUM SEGMENTS

III. TO MAINTAIN A SUSTAINABLE FINANCIAL POSITION BY EFFECTIVELY MANAGING THE CONSTRUCTION CYCLE

IV. TO INCREASE THE EFFICIENCY OF THE DEVELOPMENT BUSINESS AND MONETISE RELATED BUSINESS AREAS

V. TO PAY CONSISTENTLY GROWING DIVIDENDS

VI. TO CREATE ENVIRONMENTALLY FRIENDLY LIVING SPACES
GALACTICA

JUNE 2019

Total NSA
809 ths sqm

Open Market Value\(^{(1)}\)
RUB 17,268 mln

Income from sales\(^{(1)}\)
RUB 78,386 mln

St Petersburg

DECEMBER 2018

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
OKHTA HOUSE

Total NSA
133 ths sqm

Open Market Value\(^{(1)}\)
RUB 5,469 mln

Income from sales\(^{(1)}\)
RUB 19,036 mln

St Petersburg

(1) Knight Frank estimate as of 31.12.2018
HOUSE ON BLYUKHERA

JUNE 2019

DECEMBER 2018

Total NSA
105 ths sqm

Open Market Value (1)
RUB 2,500 mln

Income from sales (1)
RUB 8,938 mln

St Petersburg

(1) Knight Frank estimate as of 31.12.2018
PETROVSKIY LANDMARK

Total NSA
89 ths sqm

Open Market Value\(^{(1)}\)
RUB 5,115 mln

Income from sales\(^{(1)}\)
RUB 15,409 mln

St Petersburg

JUNE 2019

DECEMBER 2018

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
ETALON ON THE NEVA

Total NSA
76 ths sqm

Open Market Value\(^{(1)}\)
RUB 2,928 mln

Income from sales\(^{(1)}\)
RUB 8,980 mln

St Petersburg

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
Total NSA 47 ths sqm  
Open Market Value\(^{(1)}\) RUB 2,699 mln  
Income from sales\(^{(1)}\) RUB 7,519 mln  
St Petersburg

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
HOUSE ON KOSMONAVTOV

JUNE 2019

Total NSA 27 ths sqm

Open Market Value (1)
RUB 1,129 mln

Income from sales (1)
RUB 2,364 mln

DECEMBER 2018

St Petersburg

(1) Knight Frank estimate as of 31.12.2018
Total NSA 14 ths sqm
Open Market Value\(^{(1)}\)
RUB 831 mln
Income from sales\(^{(1)}\)
RUB 2,199 mln
St Petersburg

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
EMERALD HILLS

Total NSA 855 ths sqm

Open Market Value\(^{(1)}\) RUB 8,673 mln

Income from sales\(^{(1)}\) RUB 60,108 mln

Moscow region

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
SUMMER GARDEN

JUNE 2019

Total NSA
294 ths sqm

Open Market Value\(^{(1)}\)
RUB 6,696 mln

Income from sales\(^{(1)}\)
RUB 35,947 mln

Moscow

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
SILVER FOUNTAIN

Total NSA: 226 ths sqm
Open Market Value: RUB 11,111 mln
Income from sales: RUB 42,121 mln

Moscow

Knights Frank estimate as of 31.12.2018
Total NSA 186 ths sqm
Open Market Value\(^{(1)}\) RUB 10,234 mln
Income from sales\(^{(1)}\) RUB 37,045 mln

\(^{(1)}\) Knight Frank estimate as of 31.12.2018

Moscow
NORMANDY

Total NSA
129 ths sqm

Open Market Value\(^{(1)}\)
RUB 5,889 mln

Income from sales\(^{(1)}\)
RUB 16,522 mln

Moscow

(\(^{(1)}\) Knight Frank estimate as of 31.12.2018)
SCHASTYE NA VOLGOGRADKE

JUNE 2019

Total NSA
14 ths sqm

Open Market Value(1)
RUB 473 mln

Income from sales(1)
RUB 1,674 mln

Moscow

(1) Knight Frank estimate as of 31.12.2018
SCHASTYE NA SOKOLE

Total NSA
8 ths sqm

Open Market Value(1)
RUB 224 mln

Income from sales(1)
RUB 1,742 mln

Moscow

(1) Knight Frank estimate as of 31.12.2018
SCHASTYE NA MASLOVKE

JUNE 2019

Total NSA 7 ths sqm
Open Market Value\(^{(1)}\) RUB 569 mln
Income from sales\(^{(1)}\) RUB 1,509 mln

\(^{(1)}\) Knight Frank estimate as of 31.12.2018

Moscow
SCHASTYE V OLYMPIYSKOY DEREVNAYE

JUNE 2019

Total NSA
7 thous sqm

Open Market Value(1)
RUB 131 mln

Income from sales(1)
RUB 1,327 mln

MOSCOW

(1) Knight Frank estimate as of 31.12.2018

SELECTED PROJECTS / ETALON GROUP / 85
SCHASTYE NA LENINSKOM

Total NSA 6 ths sqm
Open Market Value (1) RUB 170 mln
Income from sales (1) RUB 1,180 mln

JUNE 2019
DECEMBER 2018

(1) Knight Frank estimate as of 31.12.2018

Moscow
SCHASTYE NA PRESNE

Total NSA 6 thous sqm

Open Market Value\(^{(1)}\)
RUB 394 mln

Income from sales\(^{(1)}\)
RUB 1,456 mln

JUNE 2019

VISUALISATION

(1) Knight Frank estimate as of 31.12.2018

Moscow

SELECTED PROJECTS  ETALON GROUP  87
SCHASTYE V KUSKOVO

Total NSA 6 ths sqm

Open Market Value\(^{(1)}\) RUB 464 mln

Income from sales\(^{(1)}\) RUB 848 mln

JUNE 2019

VISUALISATION

Moscow

\(^{(1)}\) Knight Frank estimate as of 31.12.2018

SELECTED PROJECTS / ETALON GROUP / 88
RESIDENCE ON VSEVOLOZHSKIY

Total NSA
4 ths sqm

Open Market Value\(^{(1)}\)
RUB 2,265 mln

Income from sales\(^{(1)}\)
RUB 4,688 mln

Moscow

\(^{(1)}\) Knight Frank estimate as of 31.12.2018
CASH FLOW ANALYSIS

OPERATING CASH FLOW\(^{(1)}\)
mln RUB

2017: 2,681
2018: 17,403
+ RUB 14,722 mln

FREE CASH FLOW\(^{(2)}\)
mln RUB

2017: 243
2018: 14,672
+ RUB 14,429 mln

Source: IFRS financial statements
\(^{(1)}\) Operating cash flow less interest paid
\(^{(2)}\) Free cash flow is calculated as profit for the year adjusted for depreciation, share-based payments, impairments, interest, taxation, change in working capital, and change in invested capital
The decline in revenue recognised at a point of time (from completed property and recognised under previous approach) is driven by the lower share of completed properties sold in 2018 and the shift to the new IFRS standard.

Source: IFRS financial statements

Residential development revenue recognised over time grew on the basis of a significant increase in new contract sales of property at the early stage of the construction cycle in 2018 and the shift to the new IFRS standard.

Source: IFRS financial statements
FY 2018 REVENUE ANALYSIS

CONSTRUCTION SERVICES REVENUE FROM THIRD PARTIES
mln RUB

-8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Construction Services Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>9,024</td>
</tr>
<tr>
<td>2018</td>
<td>8,312</td>
</tr>
</tbody>
</table>

OTHER REVENUE\(^{(1)}\)
mln RUB

-11%

<table>
<thead>
<tr>
<th>Year</th>
<th>Other Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6,657</td>
</tr>
<tr>
<td>2018</td>
<td>5,943</td>
</tr>
</tbody>
</table>

CONSOLIDATED REVENUE
mln RUB

+2%

<table>
<thead>
<tr>
<th>Year</th>
<th>Consolidated Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>70,645</td>
</tr>
<tr>
<td>2018</td>
<td>72,327</td>
</tr>
</tbody>
</table>

Source: IFRS financial statements

\(^{(1)}\) Including revenue from selling construction materials, maintenance services, etc.
Residential development and consolidated gross profit for the year were impacted by recognition of a significant part of the overall costs related to installation of utilities and other infrastructure allocated to the first stages of projects and required for large-scale development projects (Galactica and Silver Fountain).

Source: IFRS financial statements

(1) Adjusted for borrowing costs and significant financing component in cost of sales
FY 2018 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES
mln RUB

2017: 5,052
2018 (1): 6,076

G&A, mln RUB
G&A as % of revenue

7%
8%

SELLING EXPENSES
mln RUB

2017: 2,930
2018: 3,318

Selling expenses, mln RUB
Selling expenses as % of new contract sales

6%
5%

OTHER EXPENSES (INCOME)
mln RUB

2017: (366)
2018: 2,376

Source: IFRS financial statements

(1) G&A expenses with elimination of non-cash effect from equity-settled share-based payment
The decrease in EBITDA and net income was the result of a temporary margin decrease in the main segment, as well as the negative impact of the following factors:

- **Non-cash** effect of impairment for social infrastructure (conservative position);
- **Non-cash** effect of the revenue discounting for parking installments;
- **Non-cash** effect of equity-settled share-based payments;
- **One-off** severance payments for managers who left the Company in 2018.

Source: IFRS financial statements
## INCOME STATEMENT

<table>
<thead>
<tr>
<th>MLN RUB</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>49,022</td>
<td>70,645</td>
<td>72,327</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(36,813)</td>
<td>(52,644)</td>
<td>(57,835)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>12,209</td>
<td>18,001</td>
<td>14,492</td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td>(4,454)</td>
<td>(5,052)</td>
<td>(6,922)</td>
</tr>
<tr>
<td><strong>Selling expenses</strong></td>
<td>(1,984)</td>
<td>(2,930)</td>
<td>(3,318)</td>
</tr>
<tr>
<td><strong>Impairment loss on trade and other receivables</strong></td>
<td>-</td>
<td>(673)</td>
<td>(800)</td>
</tr>
<tr>
<td><strong>Other expenses, net</strong></td>
<td>(753)</td>
<td>366</td>
<td>(2,376)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td>5,018</td>
<td>9,712</td>
<td>1,076</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>1,857</td>
<td>1,712</td>
<td>2,284</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(319)</td>
<td>(1,007)</td>
<td>(2,015)</td>
</tr>
<tr>
<td><strong>Net finance income</strong></td>
<td>1,538</td>
<td>705</td>
<td>269</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>6,556</td>
<td>10,417</td>
<td>1,345</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(1,654)</td>
<td>(2,524)</td>
<td>(1,308)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>4,902</td>
<td>7,893</td>
<td>37</td>
</tr>
</tbody>
</table>

**Profit attributable to:**

- Owners of the Company: 4,902 7,890 37
- Non-controlling interest: -3 3 2

**Profit for the period:** 4,902 7,893 37

---

Source: IFRS financial statements
# BALANCE SHEET

**ETALON GROUP**

## MLN RUB

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>2,889</td>
<td>3,085</td>
<td>3,195</td>
</tr>
<tr>
<td>Investment property</td>
<td>561</td>
<td>333</td>
<td>306</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>545</td>
<td>739</td>
<td>758</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5,063</td>
<td>5,867</td>
<td>5,777</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,414</td>
<td>2,173</td>
<td>2,805</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td><strong>10,472</strong></td>
<td><strong>12,197</strong></td>
<td><strong>12,841</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>71,261</td>
<td>78,122</td>
<td>73,729</td>
</tr>
<tr>
<td>Contract assets, trade and other receivables</td>
<td>21,409</td>
<td>30,184</td>
<td>20,732</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>793</td>
<td>185</td>
<td>203</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10,206</td>
<td>14,125</td>
<td>23,066</td>
</tr>
<tr>
<td>Other current assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>103,669</strong></td>
<td><strong>122,616</strong></td>
<td><strong>117,730</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>114,141</strong></td>
<td><strong>134,813</strong></td>
<td><strong>130,571</strong></td>
</tr>
</tbody>
</table>

### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>15,070</td>
<td>14,103</td>
<td>15,487</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>43,052</td>
<td>48,702</td>
<td>44,627</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</strong></td>
<td><strong>58,122</strong></td>
<td><strong>62,805</strong></td>
<td><strong>60,114</strong></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>28</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>58,150</strong></td>
<td><strong>62,805</strong></td>
<td><strong>60,116</strong></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>12,415</td>
<td>21,418</td>
<td>17,559</td>
</tr>
<tr>
<td>Contract liabilities, trade and other payables</td>
<td>859</td>
<td>2,546</td>
<td>1,995</td>
</tr>
<tr>
<td>Provision</td>
<td>107</td>
<td>102</td>
<td>121</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>1,557</td>
<td>2,941</td>
<td>2,808</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td><strong>14,938</strong></td>
<td><strong>27,007</strong></td>
<td><strong>22,483</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>5,639</td>
<td>2,569</td>
<td>3,353</td>
</tr>
<tr>
<td>Contract liabilities, trade and other payables</td>
<td>33,666</td>
<td>40,569</td>
<td>43,658</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,748</td>
<td>1,863</td>
<td>961</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>41,053</strong></td>
<td><strong>45,001</strong></td>
<td><strong>47,972</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>114,141</strong></td>
<td><strong>134,813</strong></td>
<td><strong>130,571</strong></td>
</tr>
</tbody>
</table>

Source: IFRS financial statements

APPENDIX / ETALON GROUP / 98
### CASH FLOW STATEMENT

**ETALON GROUP**

**MLN RUB**

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the period</strong></td>
<td>4,902</td>
<td>7,893</td>
<td>37</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>434</td>
<td>340</td>
<td>365</td>
</tr>
<tr>
<td>Gain on disposal of PP&amp;E</td>
<td>(52)</td>
<td>(113)</td>
<td>8</td>
</tr>
<tr>
<td>Gain on disposal of investment property</td>
<td>(267)</td>
<td>(27)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment gain/(loss) on investment property</td>
<td>(41)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on inventories</td>
<td>430</td>
<td>819</td>
<td>512</td>
</tr>
<tr>
<td>Impairment loss/reversal on trade and other receivables, advances paid to suppliers and investments</td>
<td>-</td>
<td>673</td>
<td>900</td>
</tr>
<tr>
<td>Equity-settled share-based payment transactions</td>
<td>-</td>
<td>221</td>
<td>846</td>
</tr>
<tr>
<td>Finance income, net</td>
<td>(1,538)</td>
<td>(705)</td>
<td>(269)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,654</td>
<td>2,524</td>
<td>1,308</td>
</tr>
<tr>
<td><strong>CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</strong></td>
<td>5,522</td>
<td>11,625</td>
<td>3,707</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>(1,780)</td>
<td>(1,009)</td>
<td>5,648</td>
</tr>
<tr>
<td>Change in accounts receivables</td>
<td>(3,746)</td>
<td>(6,953)</td>
<td>9,036</td>
</tr>
<tr>
<td>Change in accounts payable</td>
<td>7,812</td>
<td>161</td>
<td>(65)</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>(1,808)</td>
<td>112</td>
<td>(883)</td>
</tr>
<tr>
<td>Change in contract assets</td>
<td>-</td>
<td>(203)</td>
<td>(57)</td>
</tr>
<tr>
<td>Change in contract liabilities</td>
<td>-</td>
<td>1,329</td>
<td>1,500</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(1,960)</td>
<td>(2,381)</td>
<td>(1,483)</td>
</tr>
<tr>
<td><strong>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</strong></td>
<td>1,437</td>
<td>424</td>
<td>15,157</td>
</tr>
</tbody>
</table>

**INVESTING ACTIVITIES**

| Proceeds from disposal of non-current assets | 93 | 294 | 57 |
| Proceeds from disposal of investment property | - | 232 | 8 |
| Interest received | 1,153 | 918 | 1,125 |
| Acquisition of PP&E | (711) | (707) | (550) |
| Loans given | (435) | (60) | (91) |
| Loans repaid | 25 | 93 | 6 |
| (Acquisition)/disposal of other investments | 242 | 122 | 41 |

**NET CASH FROM /(USED IN) INVESTING ACTIVITIES**

| 367 | 892 | 596 |

**FINANCING ACTIVITIES**

| Acquisition of non-controlling interest | (94) | (29) | - |
| Proceeds from borrowings | 9,016 | 15,889 | 4,707 |
| Repayments of borrowings | (10,404) | (10,009) | (7,719) |
| Acquisition of own shares | - | (528) | (651) |
| Dividends paid | (1,504) | (2,542) | (3,567) |

**NET CASH FROM /(USED IN) FINANCING ACTIVITIES**

| (2,986) | 2,681 | (2,230) |

| Net increase/(decrease) in cash and cash equivalents | (1,182) | 3,997 | 8,523 |
| Effect of FX rate fluctuations | (144) | (78) | 418 |
| Cash & cash equivalents at the end of the period | 10,206 | 14,125 | 23,066 |

Source: IFRS financial statements
## EBITDA Calculation

<table>
<thead>
<tr>
<th>MLN RUB</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive income</td>
<td>4,902</td>
<td>7,893</td>
<td>37</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,654</td>
<td>2,524</td>
<td>1,308</td>
</tr>
<tr>
<td>Interest expense on loans and finance lease</td>
<td>12</td>
<td>912</td>
<td>1,883</td>
</tr>
<tr>
<td>Net foreign exchange loss</td>
<td>78</td>
<td>79</td>
<td>-</td>
</tr>
<tr>
<td>Interest income on bank deposits</td>
<td>(839)</td>
<td>(505)</td>
<td>(453)</td>
</tr>
<tr>
<td>Interest income on cash and cash equivalents</td>
<td>(314)</td>
<td>(413)</td>
<td>(672)</td>
</tr>
<tr>
<td>Net foreign exchange gain</td>
<td>-</td>
<td>-</td>
<td>(64)</td>
</tr>
<tr>
<td>Bank fees and commissions</td>
<td>133</td>
<td>122</td>
<td>173</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>1,241</td>
<td>2,247</td>
<td>1,689</td>
</tr>
<tr>
<td>SFC in cost of sales (Note 11)</td>
<td>1,624</td>
<td>1,416</td>
<td></td>
</tr>
<tr>
<td><strong>DEPRECIATION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation in cost of goods sold (Note 13 PP&amp;E)</td>
<td>321</td>
<td>261</td>
<td>250</td>
</tr>
<tr>
<td>Depreciation to selling expenses (Note 13 PP&amp;E)</td>
<td>4</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Depreciation to general and administrative expenses (Note 13 PP&amp;E)</td>
<td>62</td>
<td>47</td>
<td>85</td>
</tr>
<tr>
<td>Depreciation to investment property (Note 14 Investment property)</td>
<td>42</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Depreciation to other non-current assets</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>7,301</td>
<td>14,823</td>
<td>5,682</td>
</tr>
</tbody>
</table>

Source: IFRS financial statements
## WORKING CAPITAL CALCULATION

<table>
<thead>
<tr>
<th>MLN RUB</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total inventory</td>
<td>71,261</td>
<td>78,122</td>
<td>73,729</td>
</tr>
<tr>
<td><strong>CURRENT PART</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Trade and other receivables</td>
<td>21,409</td>
<td>30,184</td>
<td>20,408</td>
</tr>
<tr>
<td>- Trade and other payables</td>
<td>33,666</td>
<td>40,569</td>
<td>43,658</td>
</tr>
<tr>
<td>- Provisions</td>
<td>1,748</td>
<td>1,863</td>
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<tr>
<td><strong>NON-CURRENT PART</strong></td>
<td></td>
<td></td>
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<tr>
<td>+ Trade and other receivables</td>
<td>5,063</td>
<td>5,867</td>
<td>5,777</td>
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<tr>
<td>- Trade and other payables</td>
<td>859</td>
<td>2,546</td>
<td>1,995</td>
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<td>- Provisions</td>
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<td>102</td>
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<tr>
<td><strong>ADJUSTMENTS</strong></td>
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<tr>
<td>- Cumulative borrowing costs</td>
<td>10,602</td>
<td>14,752</td>
<td>18,079</td>
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<td>capitalised during the period</td>
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<tr>
<td>(Note 11 Finance income and finance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>costs)</td>
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<td></td>
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<tr>
<td>+ Cumulative borrowing costs</td>
<td>4,451</td>
<td>8,322</td>
<td>11,427</td>
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<td>that have been included into the</td>
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<tr>
<td>cost of sales (Note 11 Finance</td>
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<tr>
<td>income and finance costs)</td>
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<tr>
<td>- Income tax receivable</td>
<td>412</td>
<td>579</td>
<td>424</td>
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<td>(Note 18 Trade and other receivables)</td>
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<tr>
<td>+ Income tax payable</td>
<td>399</td>
<td>85</td>
<td>443</td>
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<td>(Note 25 Trade and other payables)</td>
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<td><strong>WORKING CAPITAL</strong></td>
<td>55,189</td>
<td>62,169</td>
<td>46,546</td>
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Source: IFRS financial statements
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<th>MLN RUB</th>
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<th>2017</th>
<th>2018</th>
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<td>Comprehensive income</td>
<td>4,902</td>
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<td>ADJUSTMENTS FOR</td>
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<td>Depreciation</td>
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<td>340</td>
<td>365</td>
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<td>Loss/(gain) on disposable PP&amp;E</td>
<td>(52)</td>
<td>(113)</td>
<td>8</td>
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<td>Gain on disposal of investment property</td>
<td>(267)</td>
<td>(27)</td>
<td>-</td>
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<tr>
<td>Equity-settled share-based payment transactions</td>
<td>-</td>
<td>221</td>
<td>846</td>
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<td>Impairment loss on investment property</td>
<td>(41)</td>
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<td>Impairment loss on inventory</td>
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<td>819</td>
<td>512</td>
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<tr>
<td>Impairment loss on trade and other receivables, advanced paid to suppliers and investments</td>
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<td>673</td>
<td>900</td>
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<td>Finance income, net</td>
<td>(1,538)</td>
<td>(705)</td>
<td>(269)</td>
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<td>Income tax expense</td>
<td>1,654</td>
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<td>Income tax paid</td>
<td>(1,960)</td>
<td>(2,381)</td>
<td>(1,483)</td>
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<td>Interest paid</td>
<td>(2,603)</td>
<td>(2,257)</td>
<td>(2,246)</td>
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<td>(Increase)/decrease in working capital:</td>
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<tr>
<td>Change in inventories</td>
<td>(1,780)</td>
<td>(1,009)</td>
<td>5,648</td>
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<td>Change in accounts receivable</td>
<td>(3,746)</td>
<td>(6,953)</td>
<td>9,036</td>
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<td>161</td>
<td>(65)</td>
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<td>Change in provisions</td>
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<td>(883)</td>
</tr>
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<td>Change in contract assets</td>
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<td>(57)</td>
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<tr>
<td>Change in contract liabilities</td>
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<td>1,500</td>
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<td>(Increase)/decrease in invested capital based on CF statement:</td>
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<td>Acquisition of PP&amp;E</td>
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<td>(707)</td>
<td>(550)</td>
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<td>Proceeds from disposal of non-current assets</td>
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<td>526</td>
<td>65</td>
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<td>FCF</td>
<td>819</td>
<td>243</td>
<td>14,672</td>
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Source: IFRS financial statements