

LSR Group reports Operating Results for 2011

LSR Group (LSE: LSRG; MICEX, RTS: LSRG), one of the leading real estate developers and building materials producers in Russia, is publishing the operating results for the full year 2011.

REAL ESTATE DEVELOPMENT AND CONSTRUCTION

Elite real estate in St. Petersburg	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
Completed th sq.m	3	0	-	3	0	-
New contract sales th sq.m	10	13	36%	34	45	34%
Transferred to customers th sq.m	15	11	(29%)	34	35	-

Mass market and business class residential real estate in St. Petersburg	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
Completed th sq.m	25	108	324%	283	113	(60%)
New contract sales th sq.m	29	51	78%	95	186	95%
Transferred to customers th sq.m	37	66	78%	233	157	(33%)

Real estate in Yekaterinburg	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
Completed, th sq.m	28	21	(26%)	82	21	(74%)
New contract sales, th sq.m	12	24	101%	32	72	125%
Transferred to customers, th sq.m	34	10	(71%)	48	35	(27%)

Real estate in Moscow	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
Completed, th sq.m	0	0	-	37	2	(95%)
New contract sales, th sq.m	2	18	1,078%	4	37	813%
Transferred to customers, th sq.m	7	2	(72%)	15	5	(67%)

In 2011, in all our regions of operations we signed new contracts for the sale of 340 th sq. m (+106%). The total value of the contracts amounted to RUB 26 billion, up 91% against 2010. During the year we completed 136 th sq.m and transferred to our customers 232 th sq.m.

Construction	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
<i>St. Petersburg</i>						
Transferred to customers, th sq.m	78	101	29%	401	380	(5%)
<i>Yekaterinburg</i>						
Transferred to customers, th sq.m *	41	50	22%	120	179	48%
<i>Moscow</i>						
Transferred to customers, th sq.m	21	16	(23%)	71	94	32%
<i>Total</i>	<i>140</i>	<i>167</i>	<i>19%</i>	<i>593</i>	<i>653</i>	<i>10%</i>

Note: The operating results in this table are rounded to whole numbers in thousands square meters, while all the calculations are based on the full figures.

*Sales figures in Yekaterinburg include both transfer of completed panel housing to the customers and sales of reinforced concrete for panel construction.

Elite and Commercial real estate in St. Petersburg

In 2011, in the elite real estate segment in St. Petersburg, we signed new contracts with customers for the sale of 45 th sq.m of net sellable area, up 34% against 2010. The total value of contracts for sale of apartments amounted to RUB 6.9 billion, up 38% on 2010.

In 2011 we transferred to our customers 35 th sq.m of net sellable area. There were no housing completions in 2011 due to the projects schedule.

Mass market and business class residential real estate in St. Petersburg

In 2011, in the mass market and business class residential real estate segment in St. Petersburg, we signed new contracts with the customers for the sale of 186 th sq.m of net sellable area, up 95% on our sales in 2010. The total value of the contracts was RUB 13.1 billion, up 98% on our sales in 2010.

157 th sq.m were transferred to our customers in St. Petersburg, which complies with the projects timeline. In 2011, we completed 113 th sq.m of net sellable area in St. Petersburg in such projects as Dolgoozerny, Pulkovsky Posad, Yuzhny, Karolina and Antey.

Real Estate in Yekaterinburg

In 2011, in Yekaterinburg, we signed new contracts for the sale of 72 th sq.m of net sellable area (up 125% on 2010). The total value of the contracts grew by 143% as compared to 2010 and amounted to RUB 3.7 billion.

During the year we transferred to our customers 35 th sq.m of net sellable area and completed 21 th sq. m.

Real Estate in Moscow

In 2011, in Moscow, we signed new contracts for the sale of 37 th sq.m of net sellable area. The total value of the signed contracts was RUB 2.3 billion.

We transferred to our customers 5 th sq.m. In 2011 we completed 2 th sq.m in the residential complex Grunwald, which complies with the projects timeline.

Construction

In 2011 LSR Group's subsidiaries in St. Petersburg, Moscow and Yekaterinburg transferred to customers 653 th sq.m of panel housing (+10%). In particular, in 4Q 2011 we transferred 167 th sq.m (including sales of reinforced concrete for panel housing in Yekaterinburg), up 19% year-on-year.

In 2011, we signed four governmental contracts for construction of housing for military personnel in the towns of Mytishi, Solnechnogorsk and Balashikha (all located in the Moscow region). The total value of the contracts amounted RUB 11 billion. Under the contracts we are to build a total of 276 th sq.m of housing using seamless facade technology. The reinforced concrete items for the projects are supplied by our reinforced concrete plants in St. Petersburg and Moscow.

BUILDING MATERIALS AND AGGREGATES

Product	4Q 2010	4Q 2011	Change, %	2010	2011	Change, %
Reinforced concrete, th cub.m	96	129	34%	342	463	36%
Ready-mix concrete, th cub.m	251	369	47%	1,112	1,363	23%
Bricks, millions of units	39	40	4%	172	184	7%
Aerated concrete, th cub.m	158*	207	31%	795**	904	14%
Cement, th tonnes	-	108	-	-	108	
Sand, th cub.m	2,292	2,664	16%	9,820	10,859	11%
Crushed granite, th cub.m	1,014	1,564	54%	3,961	5,432	37%

Note: The operating results in this table are rounded to whole numbers in thousands square meters, while all the calculations are based on the full figures.

*Including 1.3 th cub.m in the Baltic States and Scandinavia.

**Including 66 th cub.m in the Baltic States and Scandinavia.

Building Materials

Reinforced Concrete

In 2011, we sold 463 th cub.m of reinforced concrete (excluding sales in Yekaterinburg), up 36% against 2010. In particular, we sold 369 th cub.m in St. Petersburg and 94 th cub.m in Moscow.

In 2011, in St. Petersburg we supplied our reinforced concrete for construction of residential and commercial real estate projects as well as for civil engineering projects including Sea Commercial Port in Ust-Luga, Western High-Speed Diameter, Southwestern Power Plant and railroads construction.

In Moscow we primarily supplied our reinforced concrete for residential and infrastructure construction, including the projects of our Moscow real estate development unit.

In 2011 we acquired a reinforced concrete factory in St. Petersburg. The capacity of the facility is 35 th cub.m of reinforced concrete and 90 th cub.m of ready-mix concrete per year.

Ready-Mix Concrete

In 2011 we sold 1,363 th cub.m of ready-mix concrete (excluding sales in Yekaterinburg), up 23% on 2010. In particular, in St. Petersburg we sold 992 th cub.m, in Moscow – 370 th cub.m.

In St. Petersburg we supplied our ready-mix concrete for industrial, infrastructure, commercial and residential construction. In Moscow we primarily supplied ready-mix concrete for residential and commercial real estate projects as well as for construction of Mar'ina roscha metro station and a new building of Plekhanov Russian economic university.

Bricks

In 2011 we sold 184 million bricks, up 7% against 2010, including 14 million bricks sold by our recently acquired Moscow plant.

We mainly supplied bricks for construction of large residential complexes in St. Petersburg.

In May 2011, we signed contracts with Händle and Lingl (Germany) to produce and supply equipment for the new brick plant, which is currently under construction in the Leningrad region. The total value of the contracts is EUR 32.03 million (excluding VAT).

In June 2011, we acquired 93.44% of a facing bricks manufacturer - OJSC Pavlovskaya Keramika (designed capacity of 70 million bricks per year). The plant is located in Pavlovskiy Posad (Moscow region). It is equipped with the world-famous Keller HCW (Germany) and Bedeschi S.p.A. (Italy) engineering systems and production lines and it is one of the largest and most advanced brick manufacturing facility in Russia.

Aerated Concrete

In 2011 we sold 904 th cub.m of aerated concrete (excluding sales in Yekaterinburg). In particular, we sold 381 th cub.m in St. Petersburg and 524 th cub.m in Ukraine. As compared to 2010, our sales increased by 14%. In Ukraine our sales increased by 33% year-on-year.

In 2011 most of aerated concrete in St. Petersburg was supplied to residential and commercial projects. In Ukraine, we primarily supplied aerated concrete for residential and infrastructure projects.

Cement

In summer 2011 we completed commissioning of our new cement plant. The first batches of clinker were produced in August, which according to laboratory tests conforms not only Russian but also the latest world standards. In the end of 3Q 2011 we started supplies of cement to our subsidiaries, in particular for production of ready-mix concrete. In November 2011, we started to sell cement to other construction companies. In 2011, we sold 108 th tonnes of cement.

Aggregates

Sand

In 2011 we sold 10.9 million cub.m of sand, up 11% against 2010. In Q4 2011 we increased our sales by 16% as compared to 4Q 2010.

We primarily supplied sand to infrastructure projects including construction of the Western High Speed Diameter, Lomonosov freight terminal and the road linking St. Petersburg and Petrozavodsk.

Crushed Granite

In 2011 we sold 5.4 million cub.m of crushed granite, up 37% on 2010. In Q4 2011 we increased our sales by 54% as compared to the corresponding period in 2010.

Improved sales of crushed granite was due to a general market recovery and the increased activity of the ready-mix concrete and reinforced concrete producers.

In 2011, we acquired a crushed granite plant in the Leningrad region. Its annual production capacity is 1.1 million cub.m, its gneiss granite reserves amount to 84 million cub.m.

Note to Editors:

OJSC LSR Group is a real estate development and building materials company founded in 1993 and operating in a number of complementary market segments. Nowadays LSR Group is one of the largest real estate development and building materials producing companies in Russia. Its core business areas are production of building materials, real estate development and panel construction.

LSR Group's main operations are located in St. Petersburg, Moscow, Yekaterinburg and Ukraine. As of 31 December 2010 (according to DTZ Russia), the net sellable area of the projects in LSR Group's real estate portfolio is equal to 8.4m m2 with the market value of RUB 104bn.

In 2010, the sales revenues of LSR Group were RUB 49,950m (IFRS).

LSR Group is a public company, with its GDRs traded on the London Stock Exchange and its ordinary shares traded on OJSC MICEX-RTS.

For more details please contact:

LSR Group Press Service

Tel.: +7 812 314 10 44

Fax: +7 812 458 83 72

E-mail: press@lsrgroup.ru

www.lsrgroup.ru