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PRESS RELEASE

St. Petersburg

## LSR Group Reports First Quarter 2012 Operating Results

LSR Group (LSE: LSRG; MICEX-RTS: LSRG), one of the leading real estate developers and building materials producers in Russia, is publishing the trading update for the first quarter of 2012.

### REAL ESTATE DEVELOPMENT

Elite real estate in St. Petersburg	1Q 2011	1Q 2012	Change, %
Completed th m <sup>2</sup>	0	0	-
New contract sales th m <sup>2</sup>	8	25	199%
Transferred to customers th m <sup>2</sup>	7	1	(80%)

Business class and mass market residential real estate in St. Petersburg	1Q 2011	1Q 2012	Change, %
Completed th m <sup>2</sup>	5	0	-
New contract sales th m <sup>2</sup>	29	47	63%
Transferred to customers th m <sup>2</sup>	30	37	24%

Real estate in Yekaterinburg	1Q 2011	1Q 2012	Change, %
Completed th m <sup>2</sup>	0	0	-
New contract sales th m <sup>2</sup>	10	18	76%
Transferred to customers th m <sup>2</sup>	12	5	(57%)

Real estate in Moscow	1Q 2011	1Q 2012	Change, %
Completed th m <sup>2</sup>	2	0	-
New contract sales th m <sup>2</sup>	3	20	531%
Transferred to customers th m <sup>2</sup>	0.4	0.04	(90%)

In 1Q 2012, in all regions of our operations we signed new contracts for the sale of 111 th m<sup>2</sup> (+117%). The total value of the contracts amounted to RUB 10bn, up 143% against 1Q 2011.

### **Elite Residential and Commercial Property in St. Petersburg**

In 1Q 2012, in the elite real estate segment in St. Petersburg, we entered into new contracts with customers for the sale of 25 th m<sup>2</sup> of net sellable area, up 199% on 1Q 2011. The total value of the contracts for the sale of elite real estate was RUB 4.4bn, up 221% on 1Q 2011.

In the course of the first quarter we transferred to our customers 1 th m<sup>2</sup> of net sellable area. There were no housing completions in 1Q 2012 due to the projects schedule.

### **Business class and mass market residential real estate in St. Petersburg**

In 1Q 2012 we entered into new contracts with customers for the sale of 47 th m<sup>2</sup>, up 63% on our sales in 1Q 2011. The total value of the contracts was RUB 3.7bn, up 73% on 1Q 2011.

We transferred 37 th m<sup>2</sup> to our customers in St. Petersburg. There were no housing completions in 1Q 2012 due to the projects schedule.

### **Real Estate in Yekaterinburg**

In 1Q 2012, in Yekaterinburg, we entered into new contracts with customers for the sale of 18 th m<sup>2</sup> of net sellable area (+76%).

In 1Q 2012 we transferred to our customers 5 th m<sup>2</sup>. The total value of the signed contracts grew by 108% against 1Q 2011, up to RUB 1.1bn. There were no housing completions in 1Q 2012 due to the projects schedule.

### **Real Estate in Moscow**

In 1Q 2012, in Moscow, we entered into new contracts with customers for the sale of 20 th m<sup>2</sup> of net sellable area (+531%). The total value of the contracts grew by 375% against 1Q 2011, up to RUB 1.1bn.

## **CONSTRUCTION**

<b>Construction</b>	<b>1Q 2011</b>	<b>1Q 2012</b>	<b>Change, %</b>
<i>St. Petersburg</i>			
transferred to customers, th m <sup>2</sup>	43	75	76%
<i>Yekaterinburg</i>			
transferred to customers, th m <sup>2*</sup>	15	32	110%
<i>Moscow</i>			
transferred to customers, th m <sup>2</sup>	8	8	2%
<b>Total</b>			
transferred to customers, th m <sup>2</sup>	66	115	75%

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

In 1Q 2012, our business units in St. Petersburg, Moscow and Yekaterinburg transferred to customers 115 th m<sup>2</sup> of panel housing (including sales of reinforced concrete panels in Yekaterinburg), up 75% against the same period in 2011.

In March 2012 we signed a contract to build a residential complex in the North-west district of Moscow. Under the contract, the new complex (Mitinskaya str.) will comprise of three multi-storey residential buildings with a total area of 87 th m<sup>2</sup>.

## BUILDING MATERIALS AND AGGREGATES

Product	1Q 2011	1Q 2012	Change, %
Reinforced concrete, th m <sup>3</sup>	75	109	46%
Ready-mix concrete, th m <sup>3</sup>	216	272	26%
Bricks, millions of units	29	30	5%
Cement, th tonnes	0	128	-
Aerated concrete, th m <sup>3</sup>	124	190	54%
Sand, th m <sup>3</sup>	1,693	2,324	37%
Crushed granite, th m <sup>3</sup>	660	1,347	104%

### **Building Materials**

#### **Reinforced Concrete**

In 1Q 2012, we sold 109 th m<sup>3</sup> of reinforced concrete products (excluding sales in Yekaterinburg), up 46% against the same period in 2011. It included 78 th m<sup>3</sup> in St. Petersburg, and 31 th m<sup>3</sup> in Moscow/Moscow region.

Our sales in St. Petersburg increased by 35%. We mainly supplied our reinforced concrete to residential and infrastructure projects, including Western High-Speed Diameter, new terminal of Pulkovo Airport and the second stage of Leningrad nuclear power plant.

In Moscow our sales grew by 84% year-on-year primarily due to the launch of a new product line in the middle of 2011. We mainly supplied reinforced concrete to residential projects, including our projects Sacramento, Novoe Nakhabino and New Domodedovo.

#### **Ready-Mix Concrete**

Ready-mix concrete sales were 272 th m<sup>3</sup> (excluding sales in Yekaterinburg), up 26% on 1Q 2011. It included 193 th m<sup>3</sup> sold in St. Petersburg and 79 th m<sup>3</sup> – in Moscow/Moscow region.

Our sales in St. Petersburg increased by 16% year-on-year. We primarily supplied our ready-mix concrete to residential projects and for the construction of our new brick plant in the Kirovsky district of the Leningrad region.

In Moscow and the Moscow region we increased our sales by 60%. We mainly supplied our ready-mix concrete to residential and commercial projects.

#### **Bricks**

Our bricks sales amounted to 30m units, up 5% against 1Q 2011. In particular, in St. Petersburg we sold 28m units, in Moscow – almost 3m units.

#### **Cement**

In 1Q 2012 we sold 128 th tonnes of cement. Major part of this volume was consumed internally.

#### **Aerated Concrete**

Aerated concrete sales amounted to 190 th m<sup>3</sup> in 1Q 2012. In particular, we sold 87 th m<sup>3</sup> in St. Petersburg and 104 th m<sup>3</sup> - in Ukraine.

Our sales in St. Petersburg grew by 90% year-on-year driven by the increased demand from retail customers, favourable weather conditions and expansion of our sales geography.

In Ukraine, we increased our sales by 33% year-on-year due to the increased volume of construction activities prior to Euro-2012. Our aerated concrete was mainly supplied for the construction of commercial and residential projects in Kiev region.

## **Aggregates**

### **Sand**

Sand sales in 1Q 2012 were 2.3m m<sup>3</sup>, up 37% on 1Q 2011. We mainly supplied our sand to infrastructure projects, including railway construction near Ust-Luga, Leningrad region.

### **Crushed Granite**

In 1Q 2012, crushed granite sales totaled 1.3m m<sup>3</sup>, up 104% against 1Q 2011. We mainly supplied our crushed granite to large infrastructure projects, including construction of Western High-Speed Diameter and railway construction near Ust-Luga, Leningrad region.

### *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. 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 and Yekaterinburg.

As of 31 December 2011 (according to Cushman & Wakefield Russia), the net sellable area of the projects in LSR Group's real estate portfolio is equal to 8.4m m<sup>2</sup> with the market value of RUB 124bn.

In 2011, the sales revenue of LSR Group were RUB 51,910m (IFRS).

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

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