



3Q 2011 operating results Investor presentation

October 2011



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Today's presenting team



Viacheslav Zarenkov

- President
- Founding shareholder
- Founded in 1987



Anton Evdokimov

- CFO
- With Etalon Group since 1998



Dmitri Boulkhoukov

- Head of investments
- With Etalon Group since 2007

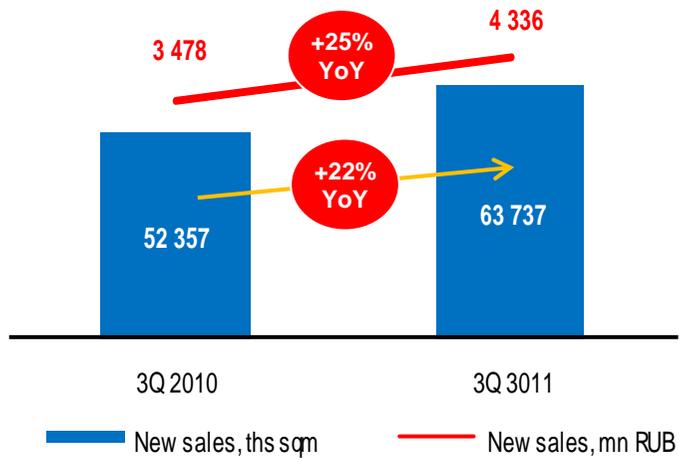


Alexander Shkuratov

- Head of strategy and business development
- With Etalon Group since 2007

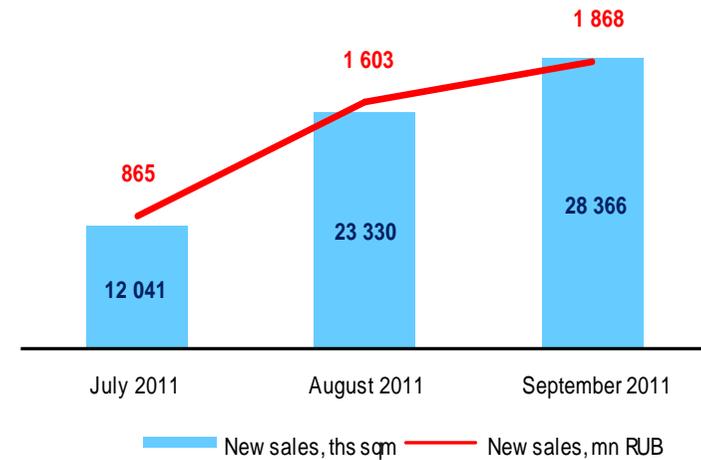
Operating results in 3Q 2011

New sales contracts 3Q 2011/3Q 2010



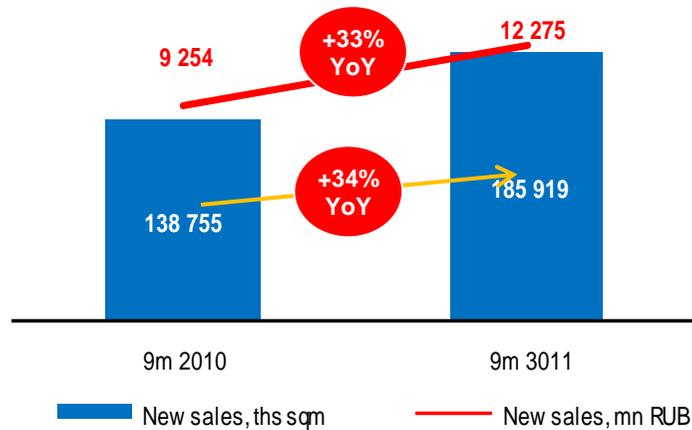
Source: management accounts

3Q new sales contracts dynamics



Source: management accounts

New sales contracts 9m 2011/9m 2010



Source: management accounts

Average price dynamics, 000 RUR/sqm



Source: management accounts

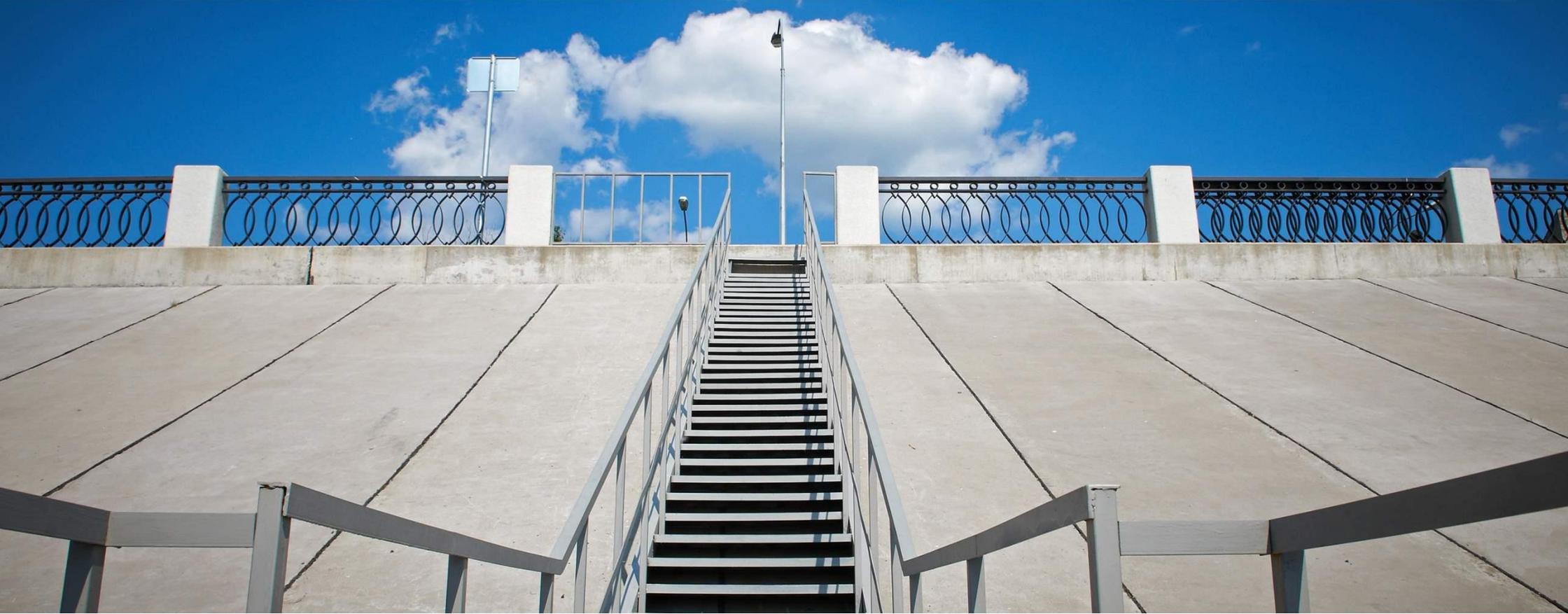
President's comments

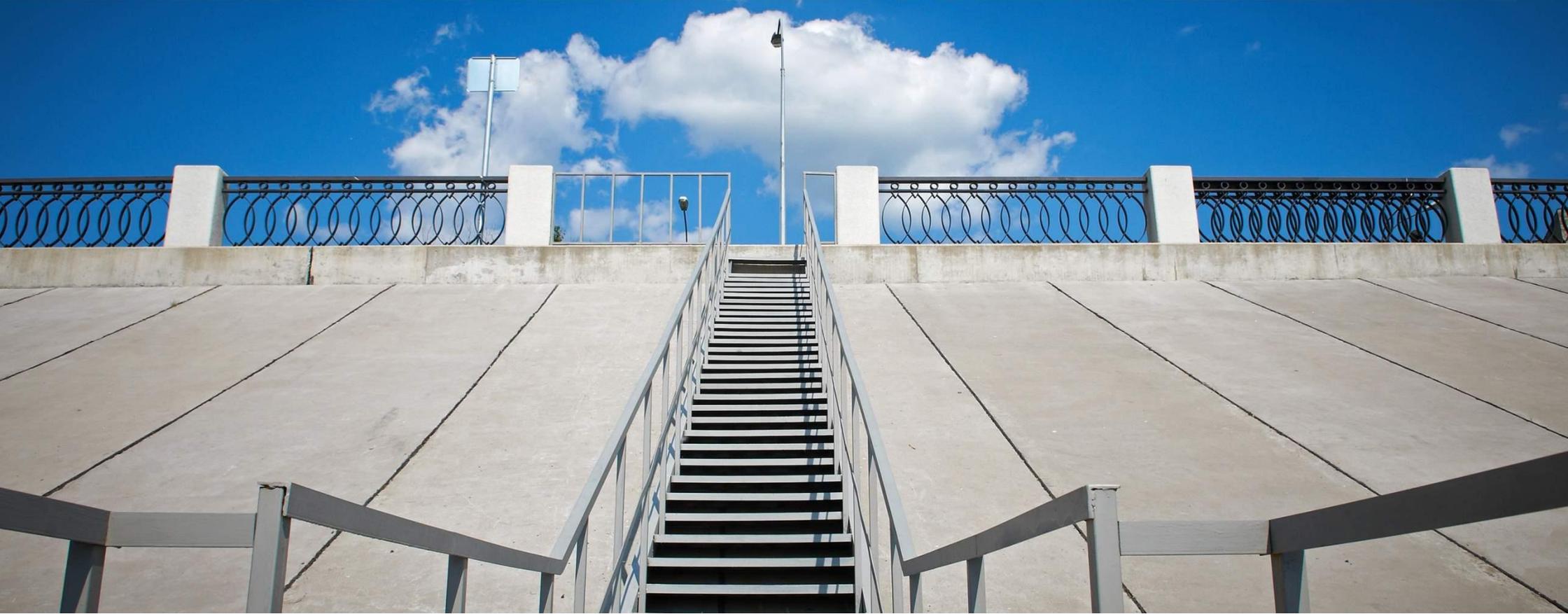


Viacheslav Zarenkov

- President
- Founding shareholder
- Founded in 1987

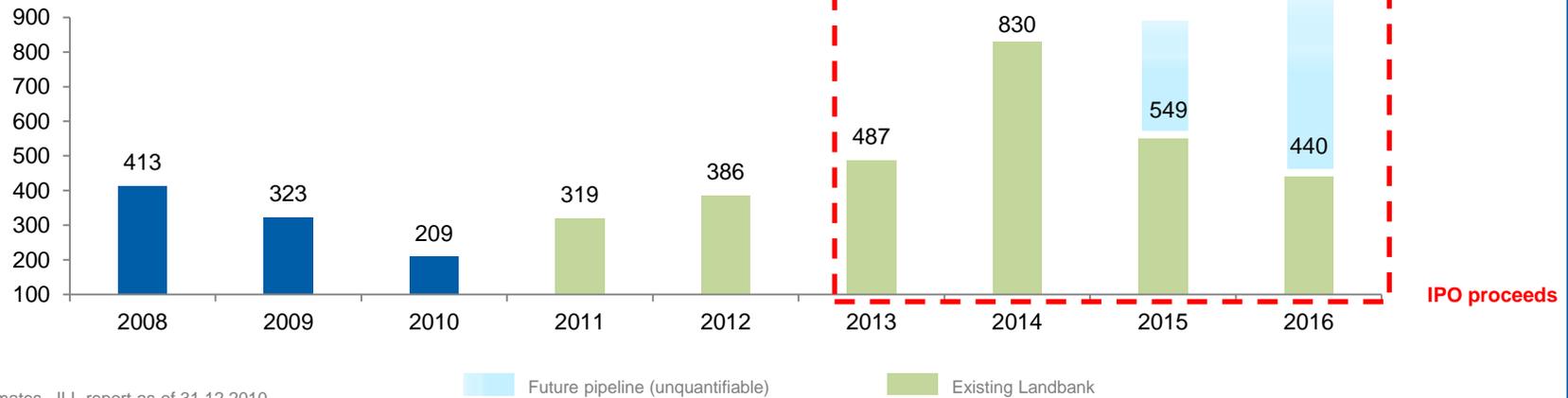
- Dominant position in comfort class in Russia, nationwide sales network and flexible instalment plan system (carefully tailored to Russia's household incomes) have enabled Etalon to achieve solid growth in new sales contracts in 3Q 2011.
- August and September 2011 saw highest monthly sales in the last three years, with the exception of December 2010.
- 3Q 2011 sales increased by 22% y-o-y and 9M 2011 sales increased by 34% y-o-y, which reflects the fact that 2H 2010 was considerably stronger than 1H 2010. As Etalon did not witness any critical decline in sales during the crisis, this year-on-year growth comes from a solid base.
- In 2011 Etalon has consistently outperformed budget targets both in terms of new contract sales and cash collections. Key 2011 annual budget targets are expected to be achieved in November, with December traditionally being the strongest month of the year.
- Sales growth driven by a general market recovery and by a change in consumer preference towards low-risk, reputable developers.
- Only a small portion of current sales appear to be due to investment purchases: instead, pent up demand is driving sales as many households are not willing to postpone apartment purchases for another two years. On a micro level both households and companies are in much better shape than during the crisis of 2008.
- USD c.602 million in cash and cash equivalents (USD c.2.04 per share) and USD c.331 million of mid- to long-term debt make Etalon well positioned to benefit from the change in consumer preferences, and to acquire more high-quality projects in order to create additional value for our shareholders.



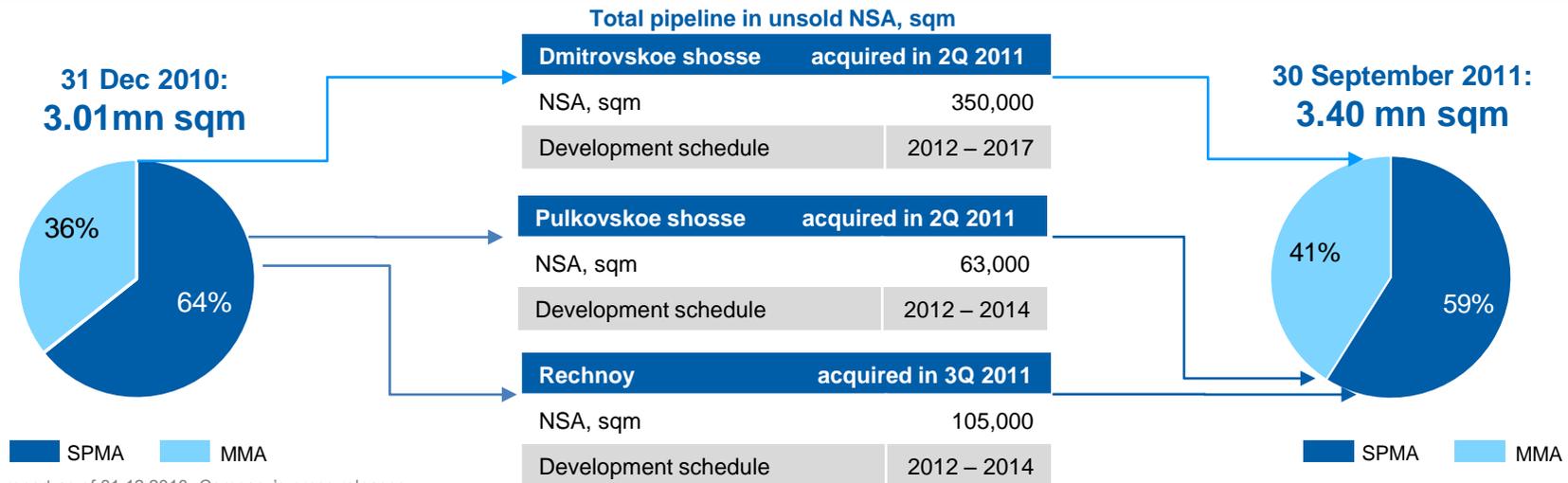


Expanding Portfolio Providing for Robust Growth

Sufficient land bank to 2x deliveries by 2012 and 4x by 2014

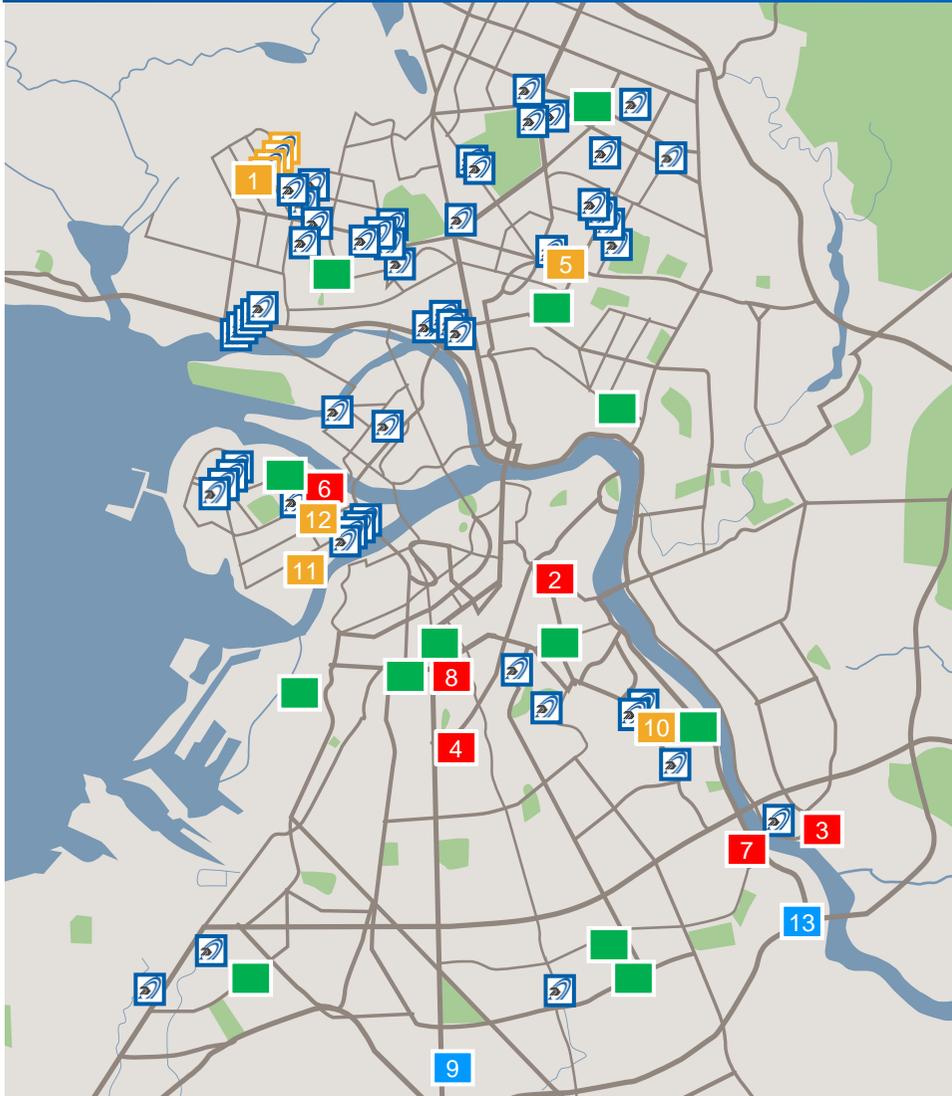


3 new acquisitions in line with the strategy



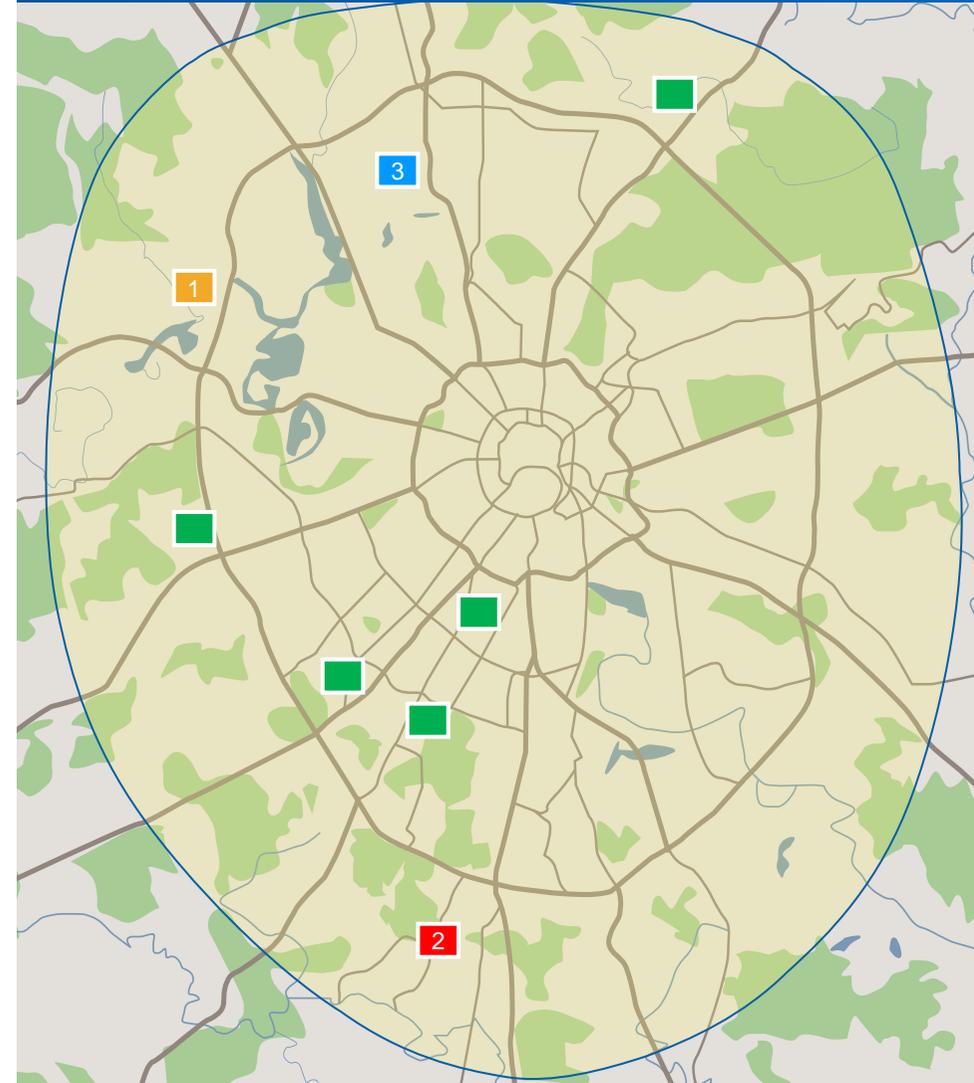
Operations in Moscow* Set to Repeat the Success of St Petersburg's Business*

Projects in St. Petersburg Metropolitan Area



Completed
 # Under construction (1)
 # Design stage (1)

Projects in Moscow Metropolitan Area



Newly acquired projects
 In the course of DD and negotiations

* Moscow metropolitan and St Petersburg metropolitan areas respectively
 (1) Project numbers in square correspond to the projects in the table on next page

On Track with Plans Announced at IPO

Construction period

	2011	2012	2013	2014	2015	2016	Status	Total NSA ('000 sqm)	Unsold NSA ('000 sqm)	OMV ⁽¹⁾ (US\$mn)	Unsold parking (lots)	Construction budget ⁽¹⁾ (US\$mn)	Outstanding budget ⁽¹⁾ (US\$mn)
St. Petersburg													
1 Jubilee Estate	←→						Construction	602	377	416	2,201	738	208
2 Tsar's Capital (Kremenchugskaya str. 11)	←→						Planning permit	459	459	126	1,638	789	789
3 Swallow's Nest (Oktyabrskaya embankment 118)	←→						Construction permit	319	319	42	2,182	376	376
4 Moskovskiy (Moskovsky prospect 115)	←→						Planning permit	259	259	111	1,286	431	431
5 Orbit	←→						Construction	207	169	107	926	244	191
6 Uralskaya str. 2	←→						Planning permit	165	165	48	600	307	307
7 Obukhovskoy oborony prospect 110	←→						Planning permit	101	101	28	746	134	134
8 Smolenskaya str. 9	←→						Planning permit	70	70	26	257	107	107
9 Pulkovskoe shosse	←→						Planning permit	63	63	n/a	n/a	TBD	TBD
10 Etude	←→						Construction	23	15	11	138	28	22
11 Prestige	←→						Construction	21	20	26	96	36	29
12 Talisman	←→						Delivered	15	8	19	110	20	5
13 Rechnoy	←→						Planning permit	105	105	n/a	n/a	TBD	TBD
Completed and unsold residential developments								1,122	34	54	795	-	8
Completed stand-alone commercial properties								39	20	52	61	-	-
Moscow													
1 Emerald Hills	←→						Construction	868	847	258	4,773	1,072	1,019
2 Etalon-City	←→						Planning permit	270	270	92	2,022	372	372
3 Dmitrovskoe shosse	←→						Planning permit	350	350	n/a	n/a	TBD	TBD

Rapid Progress in Moscow* Expansion

Dmitrovskiy NSA 350 000 sqm (originally 220 000 sqm)

- In June 2011 Etalon Group entered into its third project in MMA – Dmitrovskiy
- The 10.3 ha site will be developed as a multi-storey residential complex, which will deliver approximately 220,000 sqm of NSA
- The previous owner of the projects will provide the required utility infrastructure, including water and electrical supplies, for the construction period, which is expected to start in 2012

Etalon-City NSA 270 000 sqm

- Project concept is finalized
- Master plan is expected to be approved by Moscow authorities by the end of 2011
- Construction permit for 1st stage is expected to be obtained in 1H 2012
- Pre-sales of 1st stage are expected to be launched in 2012

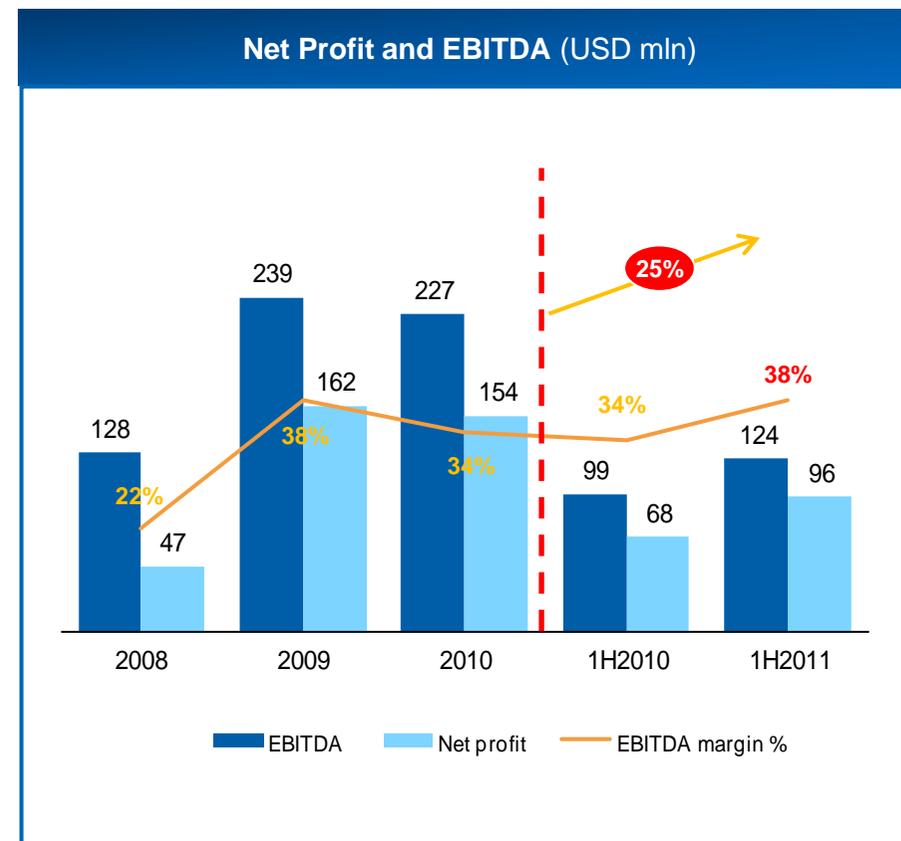
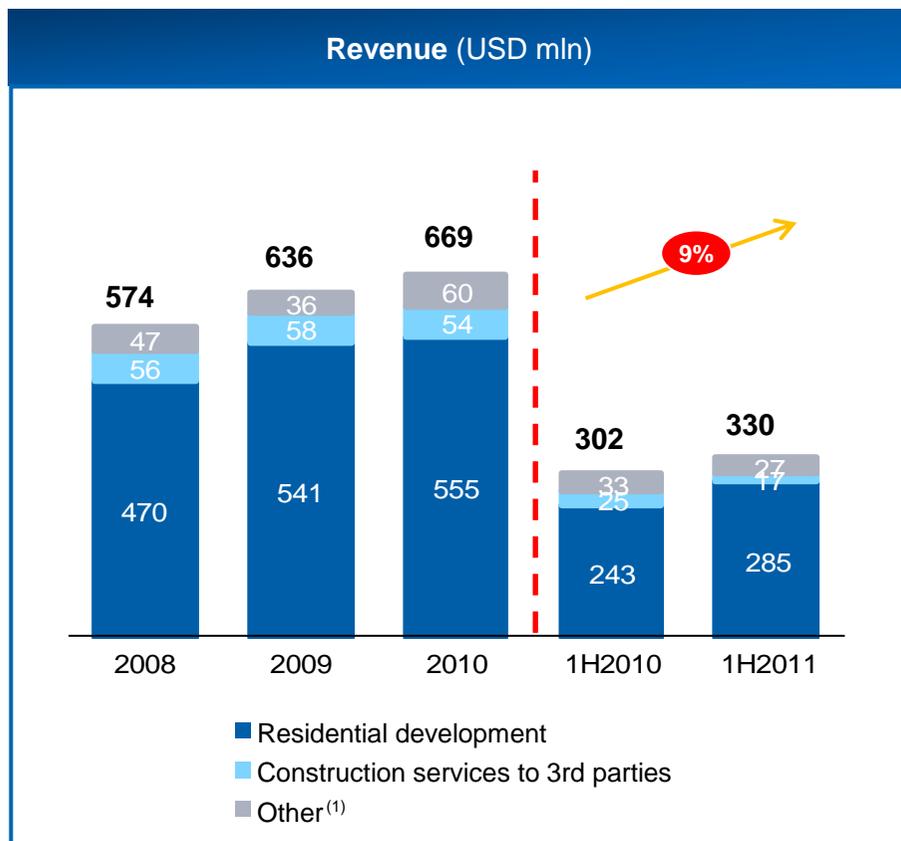
Emerald Hills NSA 868 000 sqm

- First stage is planned to be delivered in 2011
- More than 50% of 1st stage is pre-sold as of H1 2011
- Launched pre-sales of 2nd stage



* Moscow metropolitan area

Strong Financial Performance



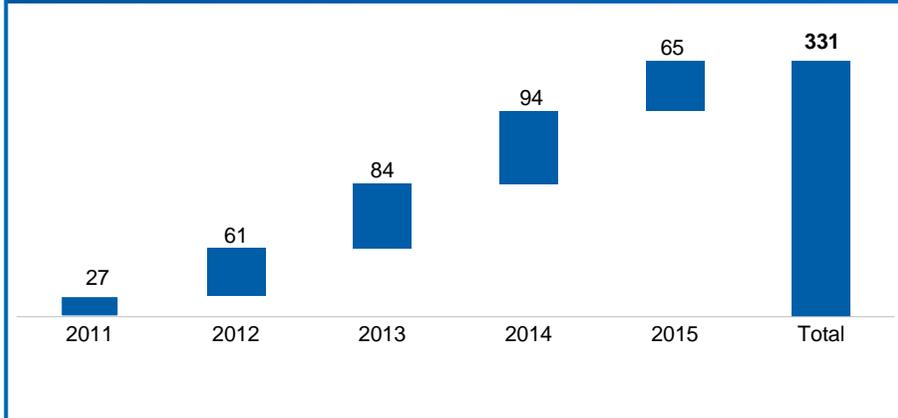
Source: audited consolidated IFRS accounts for 2008, 2009, 2010 and reviewed IFRS accounts for 1H 2011

Average USD/RUB fx rate 6 m 2010 30.05
Average USD/RUB fx rate 6 m 2011 28.56

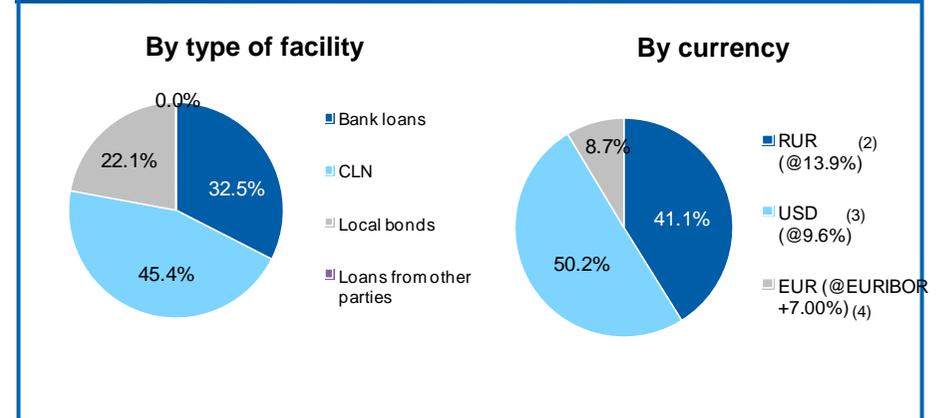
(1) Includes 'Other operations' reporting segment (selling of construction materials, construction of stand-alone premises for commercial use and various services related to sale and servicing of premises) and 'Other revenues' (reflect revenues from operations not classified under any of the three reporting segments) (2) EBITDA is defined as profit (loss) for the period before interest and related income / (expenses), income tax expense, depreciation and amortization

Robust Balance Sheet

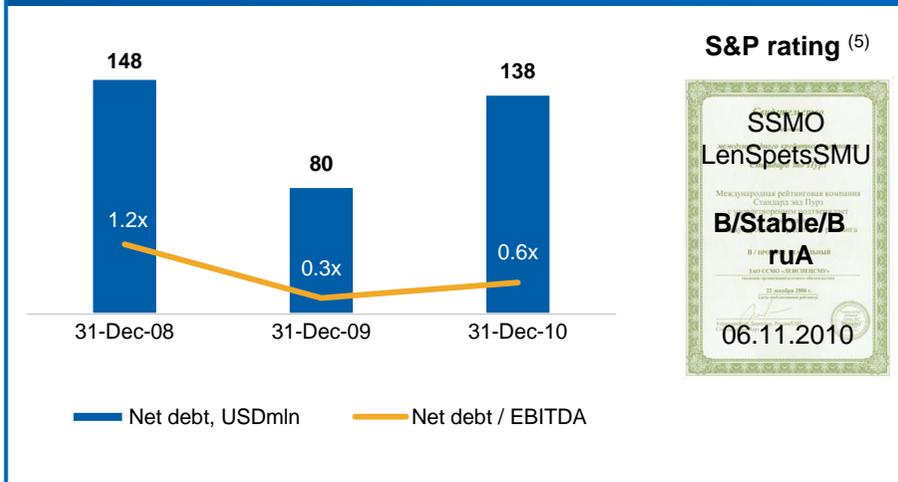
Debt cash flows maturity profile (as of 30/06/2011; USD mln)



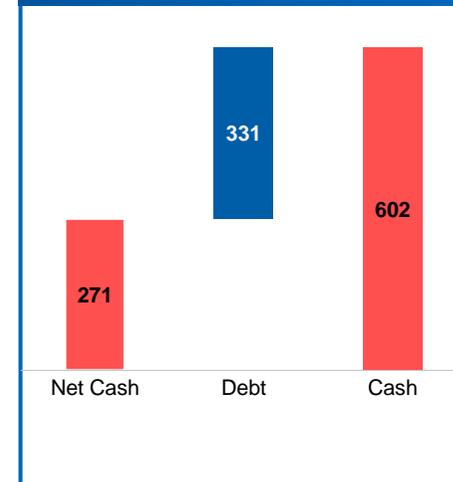
Debt composition (as of 30/06/2011)



Leverage and credit rating



Net cash (at 30/06/2011), USD mln



Financing strategy

- Longer debt maturities (3-5 years)
- Decrease the cost of funding
- Conservative approach to leveraging

End of period USD/RUB rate at 30 June 2010

30.48

End of period USD/RUB rate at 30 June 2011

28.08

Source: audited consolidated IFRS accounts for 2008, 2009, 2010 and reviewed IFRS accounts for 1H 2011

(1) Without expected interest payments; (2) Weighted-average cost of debt on local bonds, bank loans and loans from other parties (all RUR-denominated); (3) Weighted-average cost of debt on CLN and bank loans (US\$-denominated); (4) Interest rate on bank loans (EUR-denominated); (5) Net debt is calculated as Long-term debt (carrying amount) + Loans and borrowings (short-term at carrying amount) - Cash & Cash Equivalents - Cash deposits included in ST Investments (5) Reconfirmed 8 times since 2006 (including 4 times in 2009);

Clear Strategy Intended to Crystallize Value for Shareholders

