

# Capital Markets Day

25 July 2018



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# 1H 2018 HIGHLIGHTS

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## New contract sales

- New contract sales up 39% YOY in Q1 2018, to 358 th sqm. The value of the contracts up 34%, to RUB 34bn.

## Guidance

- 43% of the annual guidance for new contract sales – fully on track to deliver the annual volume

## Share of mortgages

- The share of mortgage sales up to 52% across the company in 1H 2018.

## Aggregates

- Sales positively affected by the progress of the key infrastructure projects, more than 30% growth YOY.

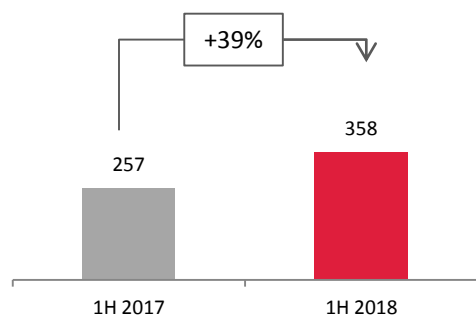
## Cost of debt

- Average cost of debt down to 8.59% as of June 30, 2018, as compared to 9.1% as of December 31, 2017

# REAL ESTATE DEVELOPMENT

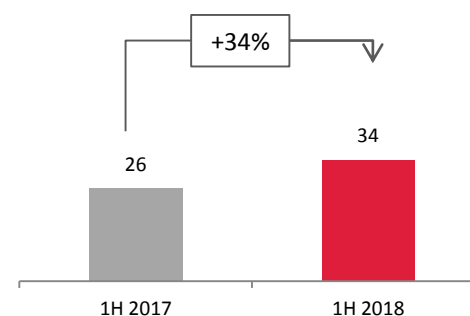
- In 1H 2018 we entered into new contracts for the sale of 358 th sqm (+39% YOY) with a total value of RUB 34bn (+34% YOY)
  - Average price per sqm in 2Q was RUB 97 th
  - 261 th sqm launched during the first half
  - Completions amounted to 102 th sqm
  - Share of mortgage contracts was 52% across the company

## NEW CONTRACT SALES (TH. SQM)



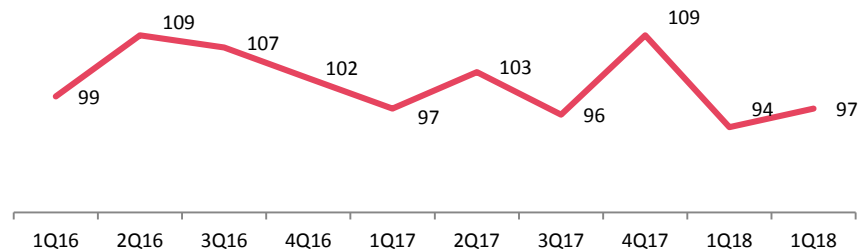
- In 1H 2018, in all regions of our operations we entered into new contracts for the sale of 358 th sqm (+39% YOY)

## NEW CONTRACT SALES (RUB BN)

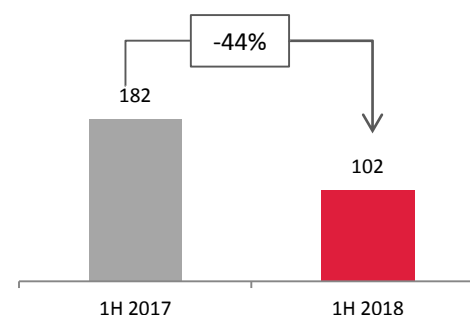


- The total value of the contracts for the sale of apartments and other premises in 1H 2018 was ca. RUB 34bn (up 34% YOY)

## AVERAGE PRICE (RUBk / SQM)



## COMPLETIONS (TH. SQM)

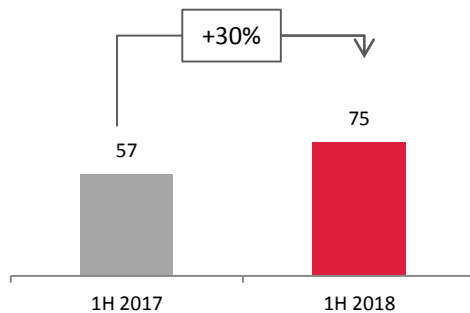


- In 1H 2018, we completed 102 th sqm of net sellable area, in line with the construction schedule.

# REAL ESTATE DEVELOPMENT: MOSCOW

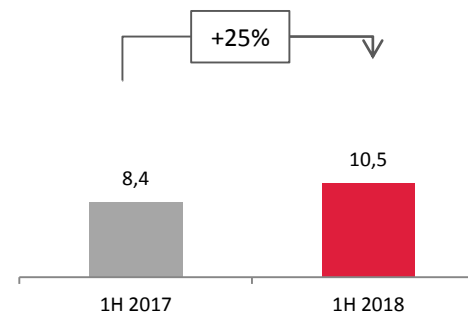
- In 1H 2018 we entered into new contracts for the sale of 75 th sqm (+30% YOY) with a total value of RUB 10.5 bn (+25% YOY)
  - Average price per sqm in 2Q was RUB 142 th
  - 78 th sqm launched during the quarter
  - Share of mortgage contracts was 48% in Moscow

## NEW CONTRACT SALES (TH. SQM)



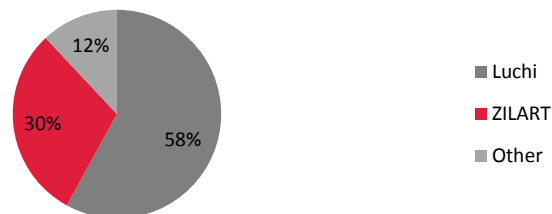
- In 1H 2018, in Moscow, we entered into new contracts for the sale of 75 th sqm (+30% YOY)

## NEW CONTRACT SALES (RUB BN)



- The total value of the contracts for the sale of apartments and other premises in 1H 2018 was ca. RUB 10.5bn (+25% YOY)

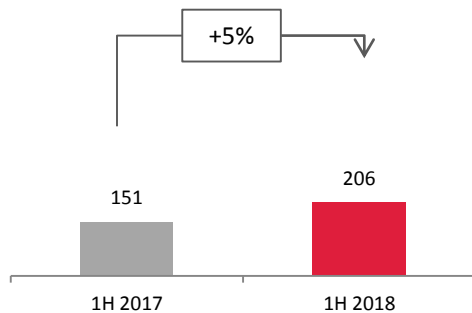
## NEW CONTRACT SALES (% by volume)



# REAL ESTATE DEVELOPMENT: ST. PETERSBURG

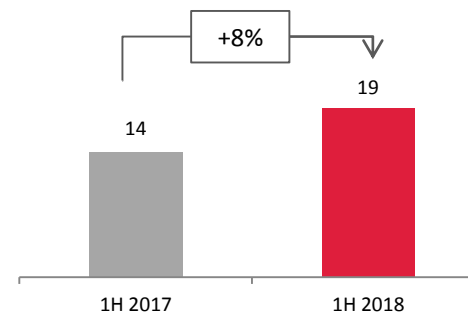
- In 1H 2018 we entered into new contracts for the sale of 206 th sqm (+36% YOY) with a total value of RUB 19 bn (+33% YOY)
  - Average price per sqm in 2Q was RUB 93 th
  - 94 th sqm launched during the quarter
  - Share of mortgage contracts was 51% in St. Petersburg

## NEW CONTRACT SALES (TH. SQM)



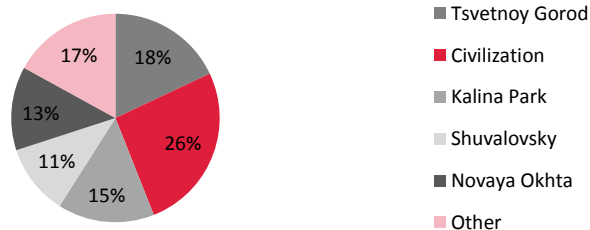
- In 1Q 2018, in St. Petersburg, we entered into new contracts for the sale of 89 th sqm (+5% YOY)

## NEW CONTRACT SALES (RUB BN)



- The total value of the contracts for the sale of apartments and other premises in 1Q 2018 was ca. RUB 8.4bn (+8% YOY)

## NEW CONTRACT SALES (% by volume)

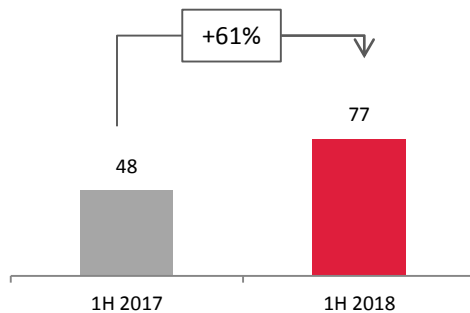




# REAL ESTATE DEVELOPMENT: YEKATERINBURG

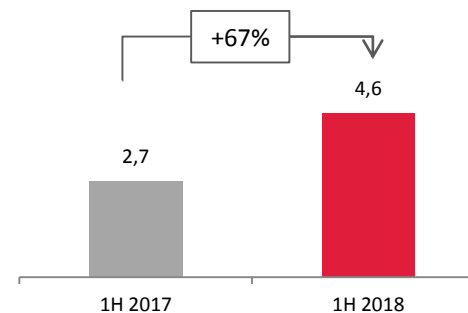
- In 1H 2018 we entered into new contracts for the sale of 77 th sqm (+61% YOY) with a total value of RUB 4.6 bn (+67% YOY)
  - Average price per sqm in 2Q was RUB 60 th
  - 89 th sqm launched during the quarter
  - Share of mortgage contracts was 56% in Yekaterinburg

## NEW CONTRACT SALES (TH. SQM)



- In 1H 2018, in Yekaterinburg, we entered into new contracts for the sale of 77 th sqm (+61% YOY)

## NEW CONTRACT SALES (RUB BN)



- The total value of the contracts for the sale of apartments and other premises in 1H 2018 was ca. RUB 4.6bn (+67% YOY)

## NEW CONTRACT SALES (% by volume)



# BUILDING MATERIALS

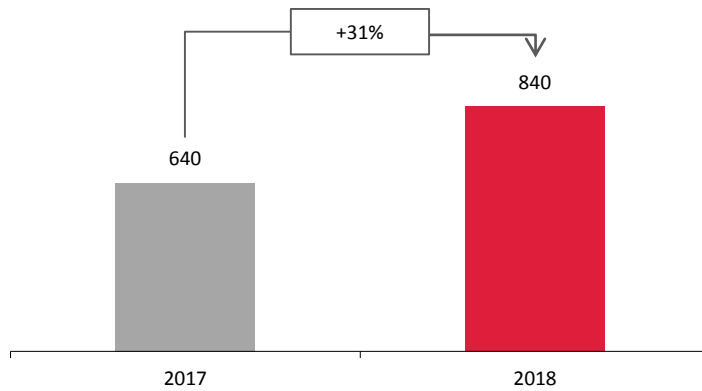
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Sales by product	1H 2017	1H 2018	Change, %
Crushed granite, th cbm	2,638	3,544	34%
Sand, th cbm	3,444	4,785	39%
Ready-mix concrete, th cbm	506	517	2%
Bricks, mn units	139	139	-
Aerated concrete, th cbm	708	626	(12%)

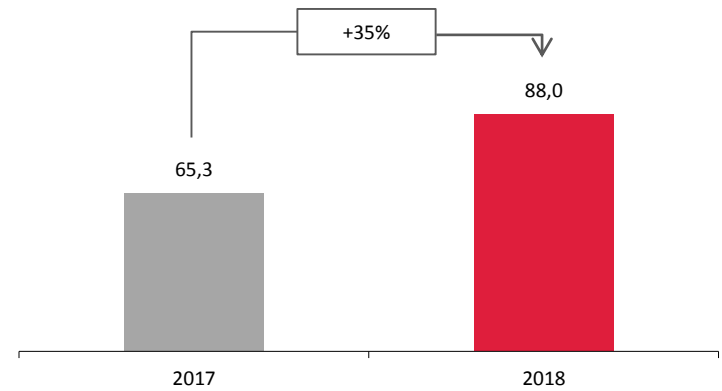


# OPERATING GUIDANCE 2018: REAL ESTATE

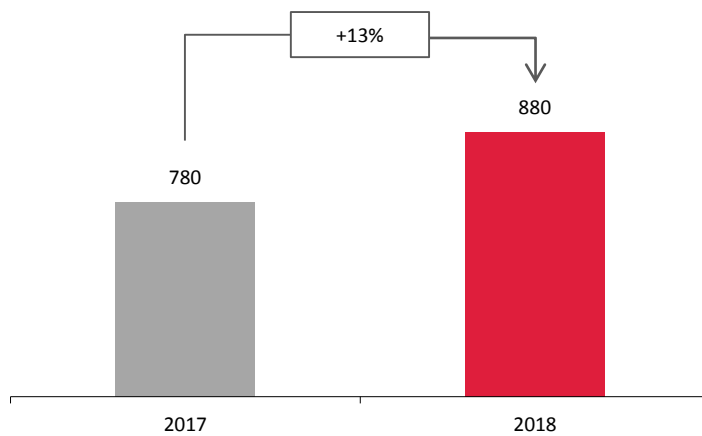
NEW CONTRACT SALES (TH. SQM)



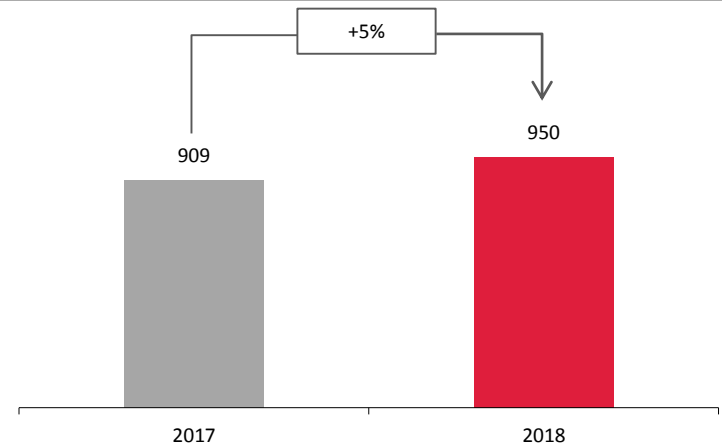
NEW CONTRACT SALES (RUB BN)



NEW LAUNCHES (TH. SQM)

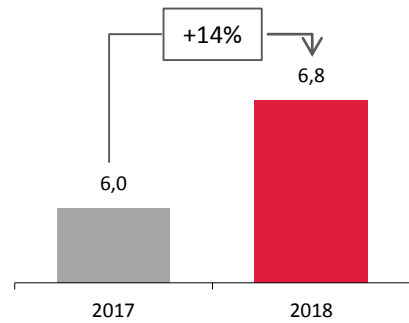


COMPLETIONS (TH. SQM)

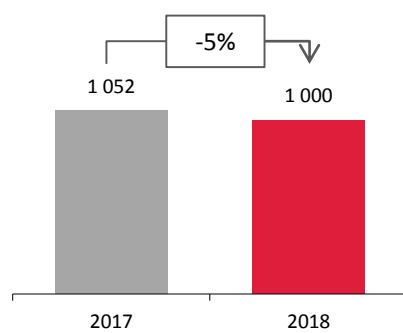


# OPERATING GUIDANCE 2018: BUILDING MATERIALS

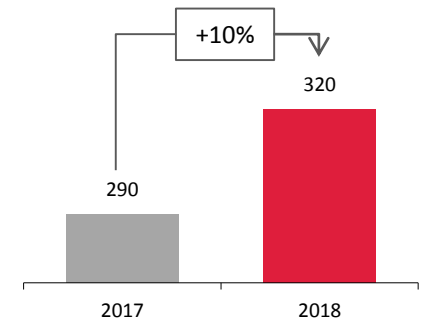
CRUSHED GRANITE (mn m<sup>3</sup>)



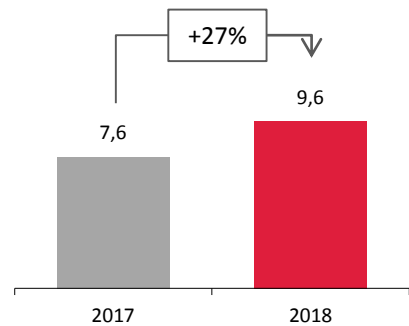
READY-MIX CONCRETE (th. m<sup>3</sup>)



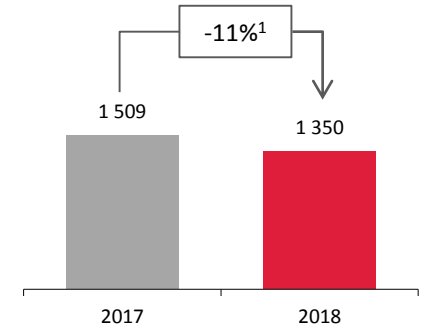
BRICKS (mn units)



SAND (mn m<sup>3</sup>)



AERATED CONCRETE (th. m<sup>3</sup>)





**CHANGES IN THE REGULATION OF REAL  
ESTATE DEVELOPMENT**

## Construction permits received after 01.07.2018

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### INFORMATION DISCLOSURE

- Audited annual financial reporting
- Interim (quarterly) financial results – unaudited

### CAPITAL REQUIREMENTS

- 1.2% of the pre-sale contract value must be contributed to the Compensation Fund
- 10% of the total project cost must be deposited in an authorized bank before the project launch or
- loan agreement with an authorized Bank in the amount of not less than 40% of the total project cost

### FINANCING

- Borrowing is strictly limited to the project financing from an authorized banks or the parent company (up to 20% of the project cost)
- No bonds, only equity issuance allowed

## Construction permits received after 01.07.2018

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### THE USAGE OF FUNDS

- Advances associated with design and construction are limited to 30% of the total project cost
- Administrative costs are capped at 20% of the total project cost, if the developer reports under IFRS and at 10%, if it does not.

### ADDITIONAL REQUIREMENTS

- Minimum 3-year track record as a developer, an ordering party or a general contractor as well as at least 10 th sqm of area commissioned
- The company name must contain the words: "specialized developer".

## Construction permits received after 01.07.2019

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### THE USE OF ESCROW ACCOUNTS

- Mandatory use of escrow accounts for incoming funds from sales
- Payments from customers will become available to developers after project commissioning
- Most of the previously imposed restrictions, such as mandatory contributions to the compensation Fund, will be removed when escrow accounts are used
- Banks interest rates are expected to be 4-6%, if project is backed by escrow accounts

## LSR Group – preparing for changing environment

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### Current projects

- the construction permit is obtained before 01.07.2018
- at least 1 pre-sale agreement had been concluded and registered before 01.07.2019



- The project is implemented in accordance with the previous regulatory requirements and without the use of escrow accounts