

INVESTOR PRESENTATION

January 2018



L S R

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LSR GROUP – LEADING PLAYER IN RUSSIAN RESIDENTIAL REAL ESTATE



**TRUE FEDERAL
PLAYER**

1 ONE OF THE ONLY RUSSIAN DEVELOPERS WITH SIGNIFICANT PRESENCE IN KEY REGIONS

LEADING POSITION

#1 in Yekaterinburg

#2 in St. Petersburg

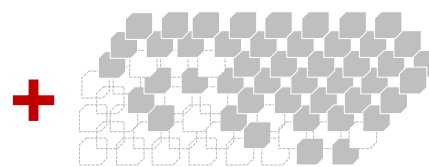
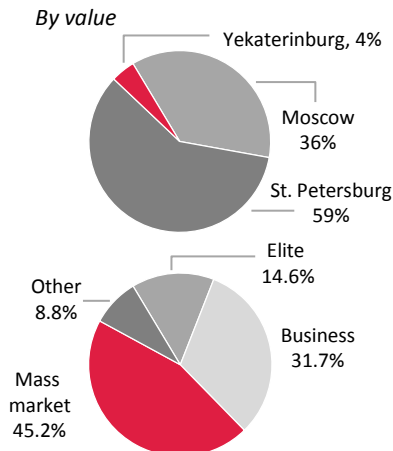
#4 in Moscow



**BALANCED CUSTOMER
EXPOSURE**

2 PRESENT IN MASS MARKET, BUSINESS AND ELITE SEGMENTS

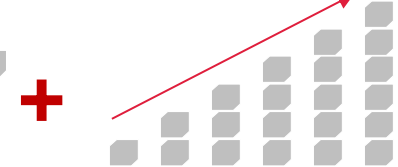
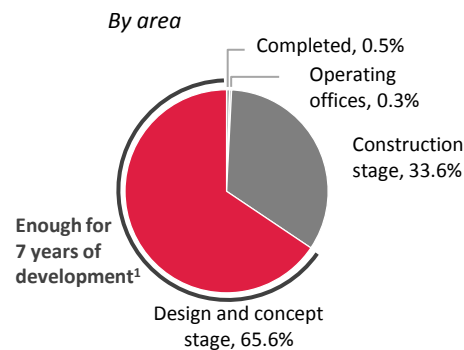
HIGH QUALITY PORTFOLIO



**SCALABLE LAND
BANK**

3 OVER 8.8 MLN SQM OF NET SELLABLE AREA WITH MARKET VALUE OF RUB 144 BILLION

LARGE LAND BANK



**SHAREHOLDER
VALUE CREATION**

4 STRONG FOCUS ON SHAREHOLDER RETURNS THROUGH DIVIDENDS

STABLE DIVIDENDS FLOW

RUB 30 BILLION

Distributed in dividends over the last 5 years

7 YEARS IN A ROW

Of dividend payments supported by well-invested cash generative building materials business

PAYOUT RATIO >80%

Average payout ratio since 2010

LSR GROUP INVESTMENT HIGHLIGHTS

RIGHT INDUSTRY

- Supportive macroeconomic trends with falling interest rates and increasing housing affordability
- Positive regulatory changes supporting industry consolidation lead by a smaller number of professional and highly reputable homebuilders
- Increased customer focus on the quality of the apartments and infrastructure
- Lower competition for land

RIGHT BUSINESS MODEL

- Truly federal level developer with leading positions across key markets presented in all residential housing market segments
- Large and well-balanced portfolio with attractive customer proposition following latest market trends
- Large-scale projects with a complete infrastructure and housing package
- Existing land bank is sufficient from a quality and volume perspective

STRONG LEADERSHIP

- Long-term commitment to dividend payments and balanced capital structure
- Strong management team aligned with shareholders interests
- Best-in-class and internationally recognized corporate governance system
- Strong track record of delivering outstanding results
- Long-term support from the key shareholder

RIGHT POINT IN CYCLE

- Company has recently completed its transformation by adjusting its product offering leading to increased affordability and more competitive proposition
- End of large-scale investment cycle
- Zilart is approaching cash-generative stage
- Balanced project mix and development schedule going forward
- Additional upside from FCF positive building materials business





CORPORATE DEVELOPMENTS



LSR GROUP TRANSFORMATION: READY FOR A NEW CYCLE

1

ADAPTING TO LATEST TRENDS

- Customers tend to focus more on apartment location and quality of common areas
- Gradual decreasing of average unit size as customers are now more focused on price per unit vs. price per sqm leading to higher demand for smaller apartments
 - Average size of unit decreased by c.15% mostly through optimization of common areas (entrance zone, corridors, etc.)
- LSR Group adapted its new projects to fit latest market trends

2

ZILART – APPROACHING CASH-GENERATIVE STAGE

- Flagship redevelopment project close to the city center of Moscow
- First stage is already in completion phase with the first lots completed in 4Q 2017
- Share of sold units reaching 97% for some lots
- Price per sqm increased by c.23% since start of pre-sales
- Expected to attract 25,000 people per day on the back of Zilart commercial infrastructure

3

BALANCED DEVELOPMENT PIPELINE

- In 2017 main focus was on adjusting our product offering and introducing new projects to achieve an optimal mix of elite, business and mass-market developments while maintaining target construction volumes
- In 2018 we expect to complete new stages in existing projects and launch brand new projects currently being developed
 - St. Petersburg to become largest contributor with launch of new stages in 5 projects along with presentation of 3 brand new projects
 - Moscow and Yekaterinburg will oversee commissioning of new stages in key local projects coupled with launch of 2 new projects

4

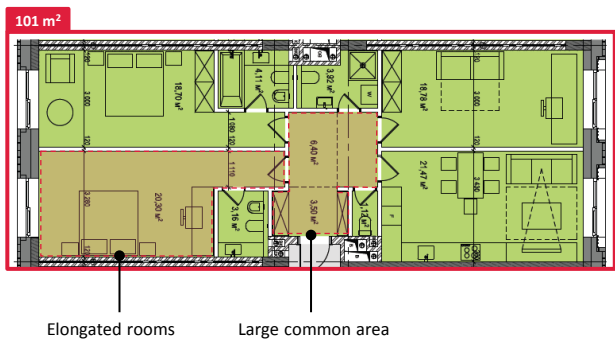
HIGH QUALITY BUILDING MATERIALS BUSINESS

- Market leader with excellent access to infrastructure, modern technologies and resource base maintaining dominant positions in the regions in which we operate where there are substantial barriers to entry
- Free cash flow positive building materials segment with predictable revenue stream, high margins and limited maintenance capex requirements
- Our production facilities are well-invested as a result of completed EUR 1 billion investment program

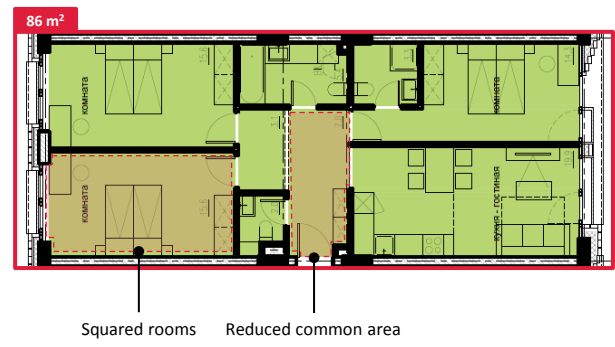
1 LSR GROUP: ADAPTING TO NEW CUSTOMER

INDICATIVE EVOLUTION OF APARTMENT PLAN

INITIAL PROJECT
Three-room apartment



AFTER ADJUSTMENTS
Three-room apartment



KEY FACTS

- Projects affected**
- Zilart, Tsvetnoy Gorod, Ruchi, Civilization, New Okhta and others
- Changes implemented**
- Complete redesign of all floor plans
- Result**
- > Dramatically increased customer appeal

STRONG FOCUS ON THE LATEST MARKET TRENDS IN ALL PORTFOLIO SEGMENTS

Separated parking lots and pedestrian areas



Quality entrance zones



Proximity to parks and promenades



2 ZILART STATUS UPDATE

PROJECT OVERVIEW

- Zilart is an art-class residential complex being constructed on the place of former car manufacturer plant ZiL
- Being located only 5 km away from Kremlin, it should become a perfect residential place for people valuing their comfort, proximity to office and cultural climate
- Project will comprise public areas, residential lots, social and educational infrastructure as well as park totaling 20 hectares
- Strong support from Moscow government describing Zilart as “one of the best integrated Moscow districts”

BEFORE REDEVELOPMENT



KEY FACTS

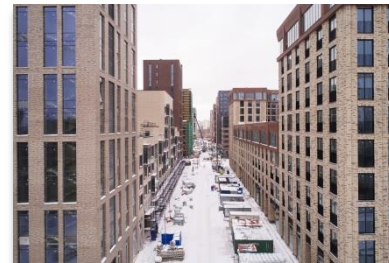
GENERAL

Total area	65.1 ha
Gross area	1.5 mm sqm
Net sellable area	1.1 mm sqm
End of construction	4Q 2025

PRE-SALES RESULTS

Apartments & other lots	1,614 pcs
Area sold	117 th. sqm
Revenue up-to-date	RUB 21 bn
Price increase since start of pre-sales ¹	+23%

WINTER 2017/2018



DEVELOPMENT PIPELINE: KEY UPCOMING PROJECTS IN 2018

SAINT PETERSBURG

RUCHI-7 | Mass-market

- Mass-market project with net sellable area of 211 th. sqm comprised of 10+ storey buildings
- Close proximity to Tsvetnoy Gorod



DOM MOD | 2020 | Business

- Upscale project with 550+ apartments comprising c. 34 th. sqm of NSA
- Located near river with good proximity to city center



NEVA HAUS | 2021-2022 | Elite

- Unique 56 th. sqm project located at Petrovsky Island, city center
- State-of-the-art infrastructure, in-house park and nearby waterfront



MOSCOW

LENINGRADSKOE SHOSSE 58 | 2020 | Mass-market

- Land area of 1.8ha
- Comprised of two 30-storey towers with 56 th. sqm of NSA
- Located in North district of Moscow with close proximity to subway station



YEKATERINBURG

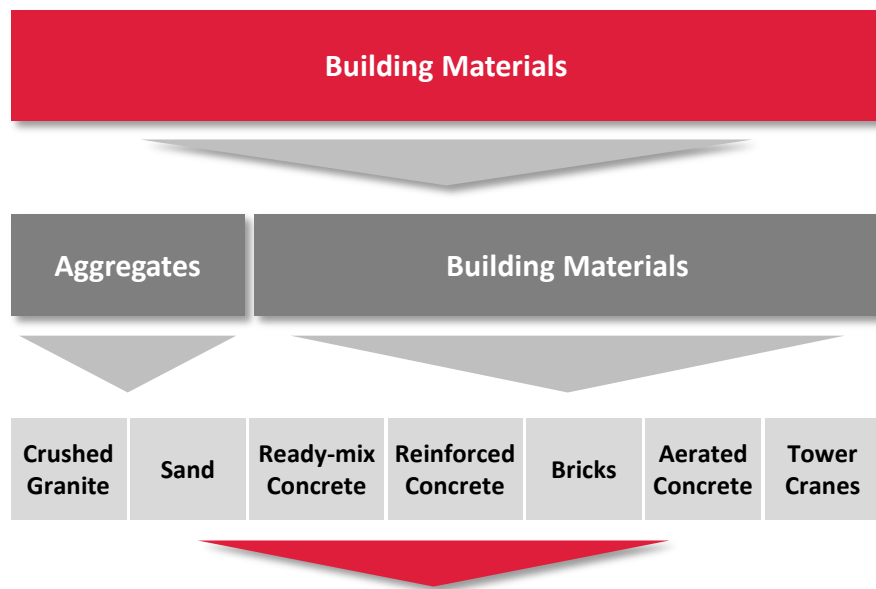
VOSKHOD | 2019-2020 | Mass-market

- Promising mass-market project comprised of two buildings with well-developed public area
- Located in 20 min ride from the city center
- Close proximity to 3 key city universities



BUILDING MATERIALS BUSINESS – STRONG CASH FLOW GENERATION

SEGMENT STRUCTURE



Building Materials, capacity		Total
Ready-mix concrete		1 562 674 m ³
Bricks		450 mn
Aerated concrete		1 552 988 m ³
Reinforced concrete		570 000 m ³
Aggregates		Reserves ¹
Sand		360 mn m ³
Crushed granite		415 mn m ³
Tower Cranes		
Tower Cranes		208 units

GENERAL OVERVIEW

- Well-invested modern assets generating predictable revenue inflows and high EBITDA margins of up to 35%
- Free cash flow positive
- CAPEX is limited to maintenance levels
- Market leader and trend setter in Moscow and St. Petersburg regions
- Benefitting from RUB devaluation due to limited competitive pressure from foreign producers

LSR GROUP IS THE LARGEST BUILDING MATERIALS PRODUCER IN RUSSIA WITH FULL RANGE OF CONSTRUCTION SERVICES

RUSSIA

#1
in **ceramic bricks**
segment

#1
in **sand** segment

NORTH-WEST REGION

#1
in **tower cranes** by
fleet

#1
in **crushed granite**
segment

INTRODUCTION OF FEDERAL LAW 218: KEY TAKEAWAYS

CURRENT REQUIREMENTS TO PRE-SALES

Receiving construction permit

OF ALL PROJECTS ARE FINANCED THROUGH PRE-SALES¹
80%

LSR GROUP IN THE CONTEXT OF NEW LEGISLATION

- ✓ Construction permits received before **1 July 2018** are permitted to meet current pre-sales criteria (i.e. only receipt of construction permit):
 - LSR Group land bank (c. 8.8 million sqm of net sellable residential real estate) may receive permits for 3.5 million sqm before cut-off date
- ✓ As a result, LSR Group is not expected to be affected by new requirements during transition period
- ✓ LSR Group is the only developer in Russia in a position to launch several big projects backed up by current pre-sales requirements

NEW REQUIREMENTS TO PRE-SALES

Debt-free balance sheet

One construction permit per legal entity and per land plot

At least 10% of budget is required to be held on the balance sheet

IS SET TO BECOME MAIN
PROJECT FINANCE
SOURCE OF FINANCING

MARKET OUTLOOK

Benefitting LSR

1 Starting from 2H 2018, significant number of small and mid-sized real estate developers are expected to disappear as they might not be able to operate under new regulations



2 Strong limitations to pipeline are expected to result in decreased number of new projects in the upcoming years implying higher margins



3 Real estate prices are expected to surge starting 1H 2018 as customers are likely to increase demand on the back of expected shortage in new projects



LSR Group is one of the key Russian players who is expected to benefit from new legislation on the back of increasing demand, decreasing mortgage interest rates and positive macro trends



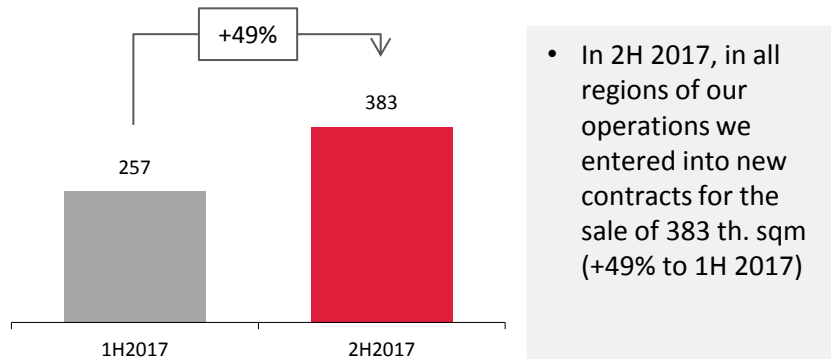
OPERATING RESULTS



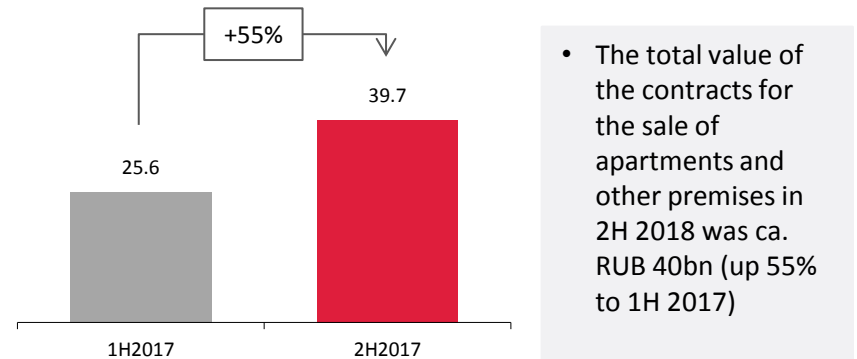
2017 RESULTS HIGHLIGHTS

- In 2017 we entered into new contracts for the sale of 640 th. sqm (-6% YoY) with a total value of RUB 65.3 bn (-7% YoY)
 - Average price per sqm was up 14% QoQ and 7% YoY in Q4 2017
 - 780 th. sqm launched during the year
 - In 2017 we completed 909 th. sqm (up 15% YoY)
- In 2017 share of mortgage contracts was 47% across the Company

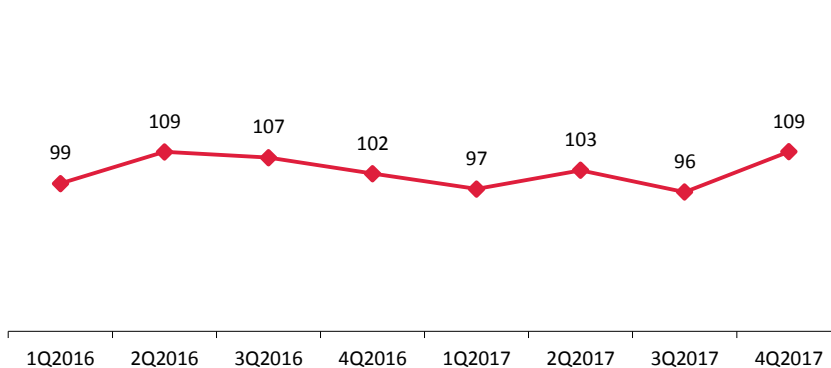
NEW CONTRACT SALES (TH. SQM)



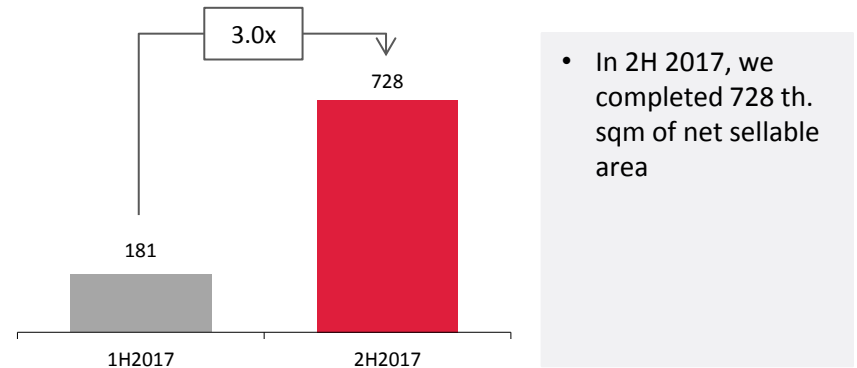
NEW CONTRACT SALES (RUB BN)



AVERAGE PRICE (RUBk / SQM)

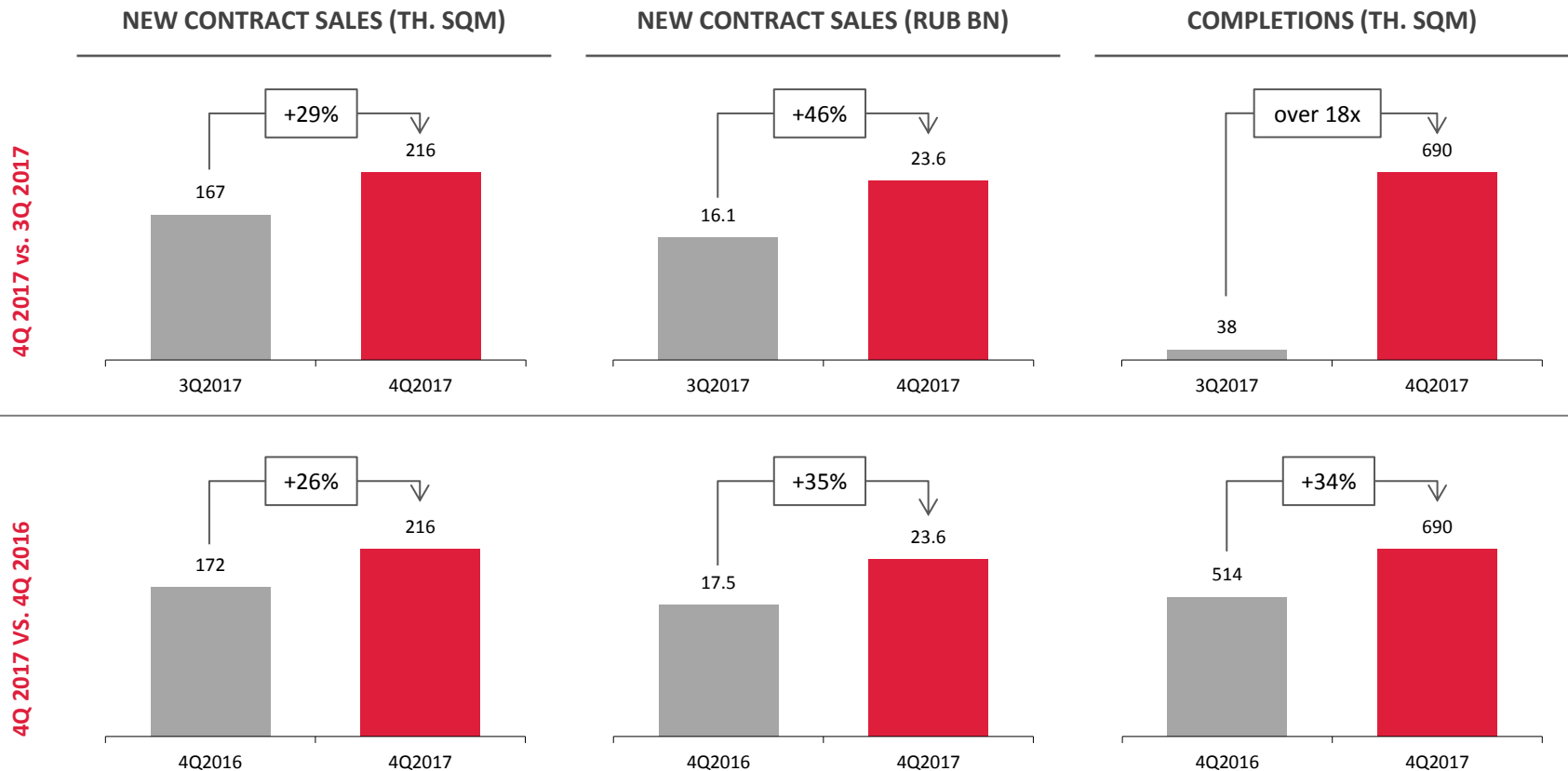


COMPLETIONS (TH. SQM)



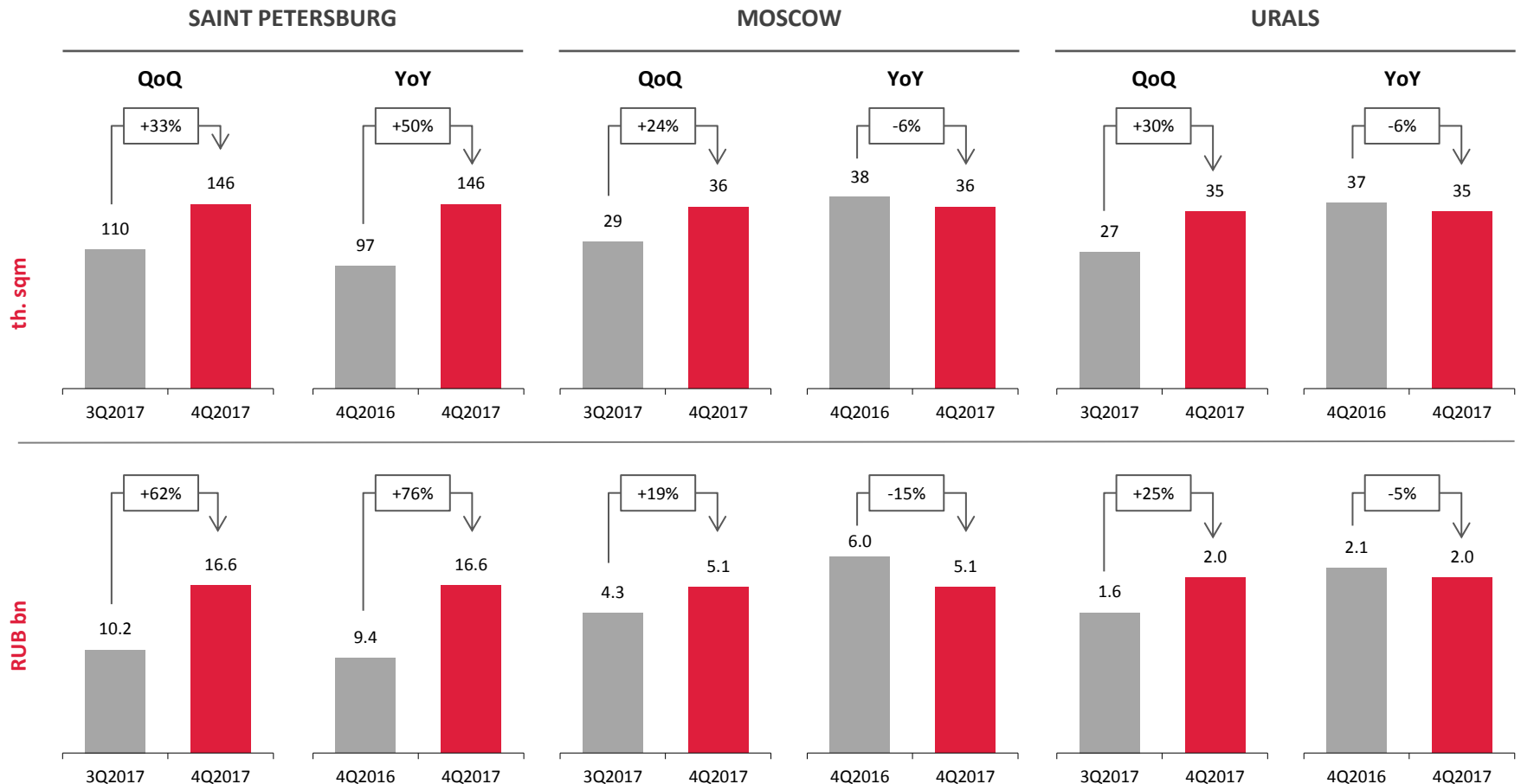
REAL ESTATE DEVELOPMENT: QUARTERLY DYNAMICS

- Improvement in the product mix driving solid sales growth in RUB terms vs. sqm
 - New contract sales amounted to 216 th. sqm (up 29% QoQ and up 26% YoY)
 - Value of the contracts was RUB 23.6 bn (up 46% QoQ and up 35% YoY)
- Most of the completions took place in 4Q due to the schedule of our projects



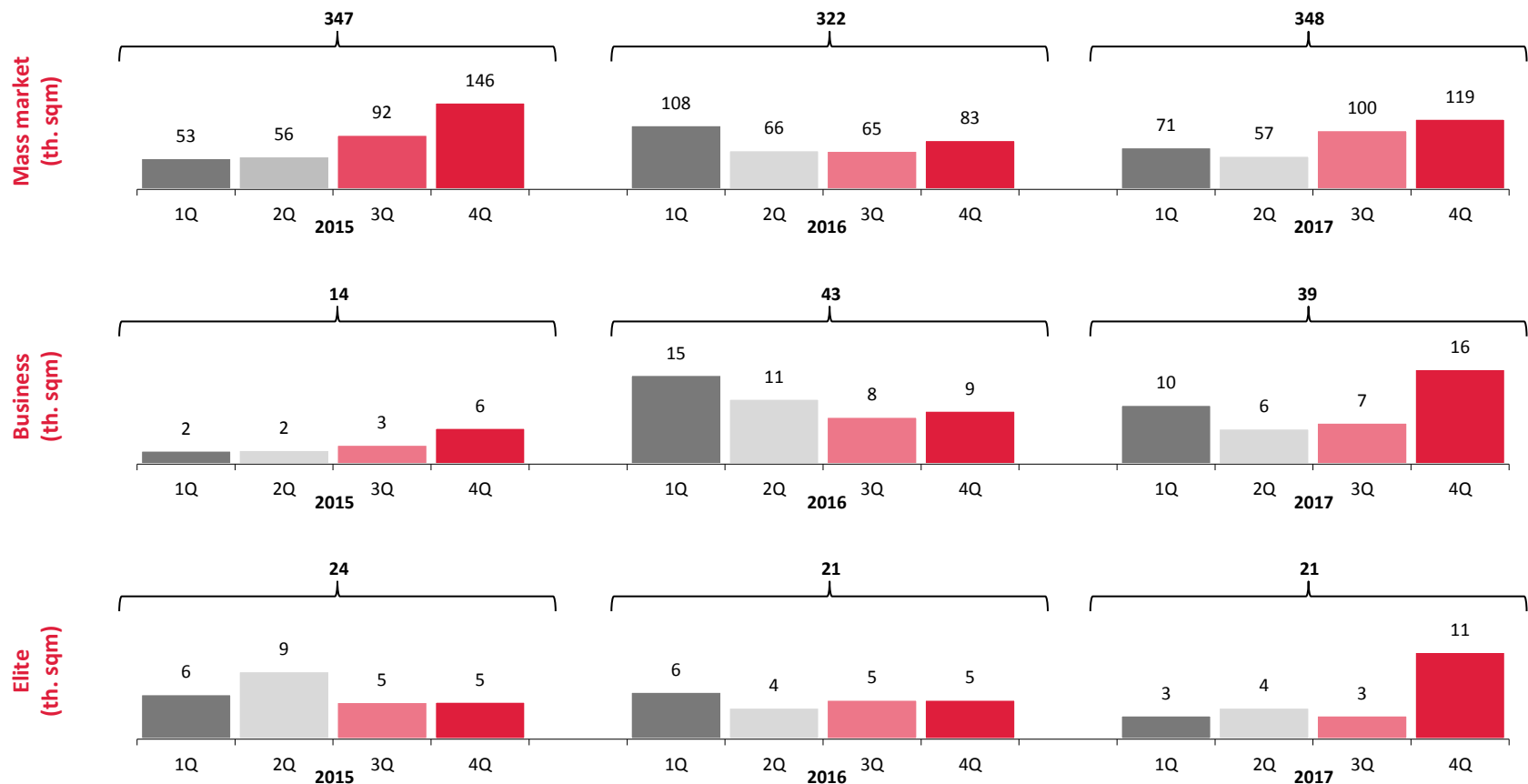
NEW CONTRACT SALES

- During the year new contract sales were improving on the back of market revival and enhancement of our offering in different market segments
- As a result, in 4Q 2017 we demonstrated significant QoQ growth in new contract sales across all our regions



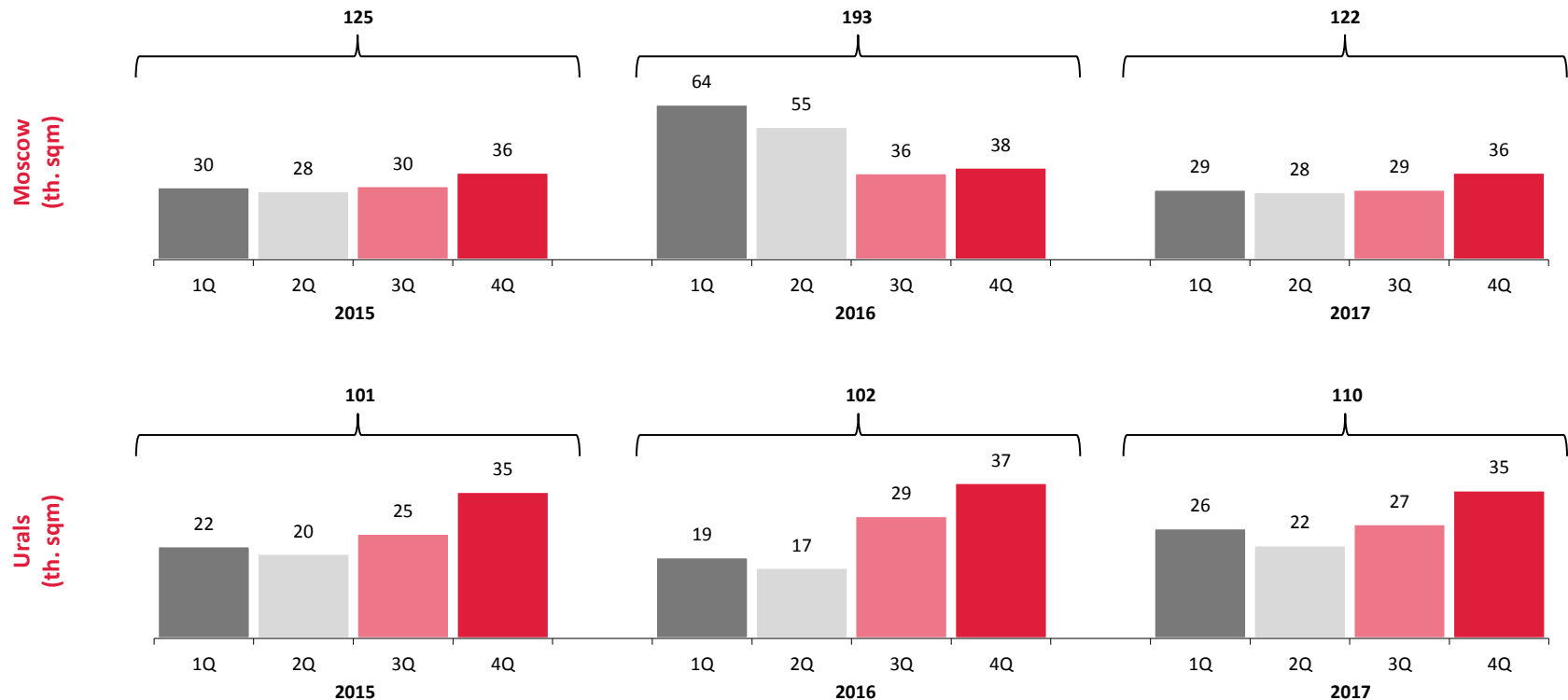
REAL ESTATE DEVELOPMENT: SAINT PETERSBURG

- Mass market segment was the main driver with new contracts in 4Q 2017 amounting to 119 th. sqm (+42% YoY)
- Average price per sqm was up 17% YoY in Q4 2017 and amounted to 114 RUBk per sqm
- Mortgage sales accounted for 47% in 4Q



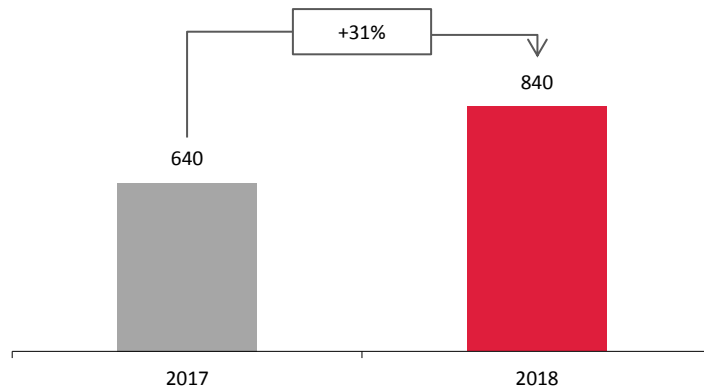
REAL ESTATE DEVELOPMENT: MOSCOW AND URALS

- New contract sales in 4Q up 24% QoQ to 36 th. sqm in Moscow and up 30% QoQ to 35 th. sqm in Urals
- Average pre-sales ratio of ZILART 1st stage stands at 88%¹
- c.34 th. sqm launched in ZILART in 4Q
- Mortgage sales accounted for 50% and 51% in Moscow and Urals respectively in 4Q

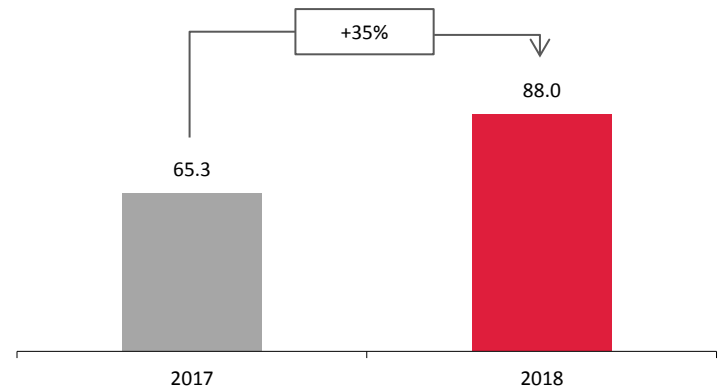


OPERATING GUIDANCE 2018: REAL ESTATE

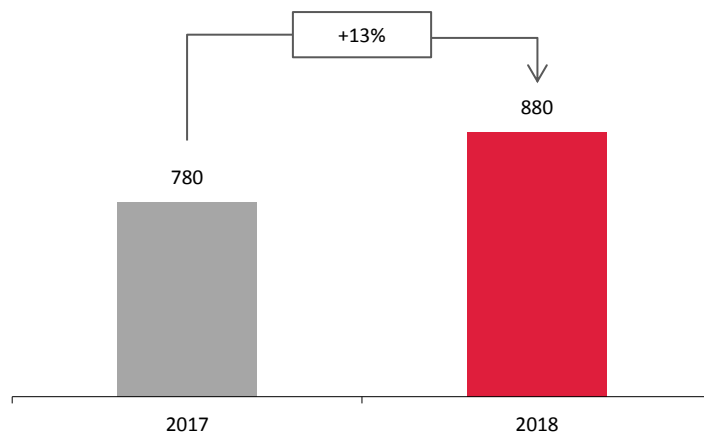
NEW CONTRACT SALES (TH. SQM)



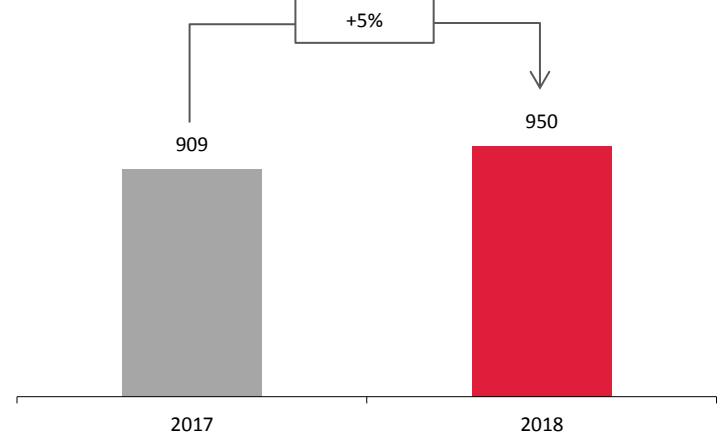
NEW CONTRACT SALES (RUB BN)



NEW LAUNCHES (TH. SQM)

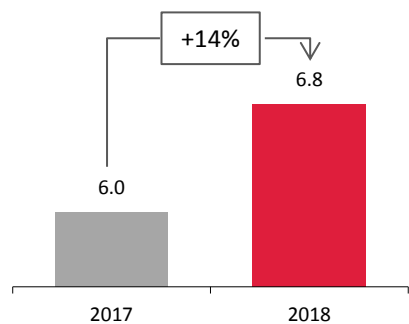


COMPLETIONS (TH. SQM)

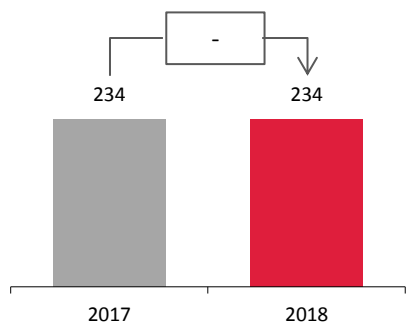


OPERATING GUIDANCE 2018: BUILDING MATERIALS

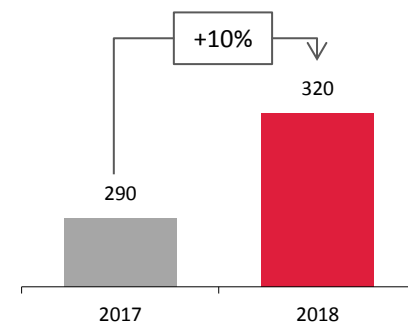
CRUSHED GRANITE (mn m³)



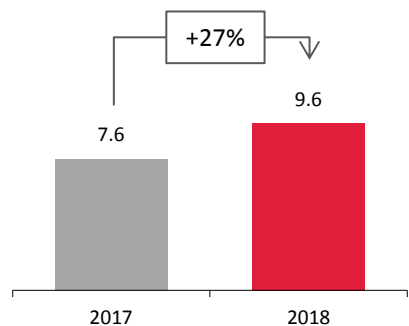
REINFORCED CONCRETE (th. m³)



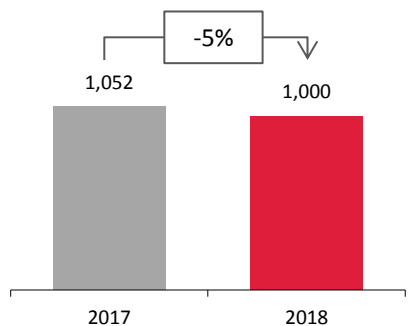
BRICKS (mn units)



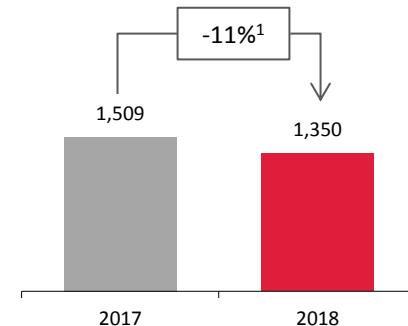
SAND (mn m³)



READY-MIX CONCRETE (th. m³)

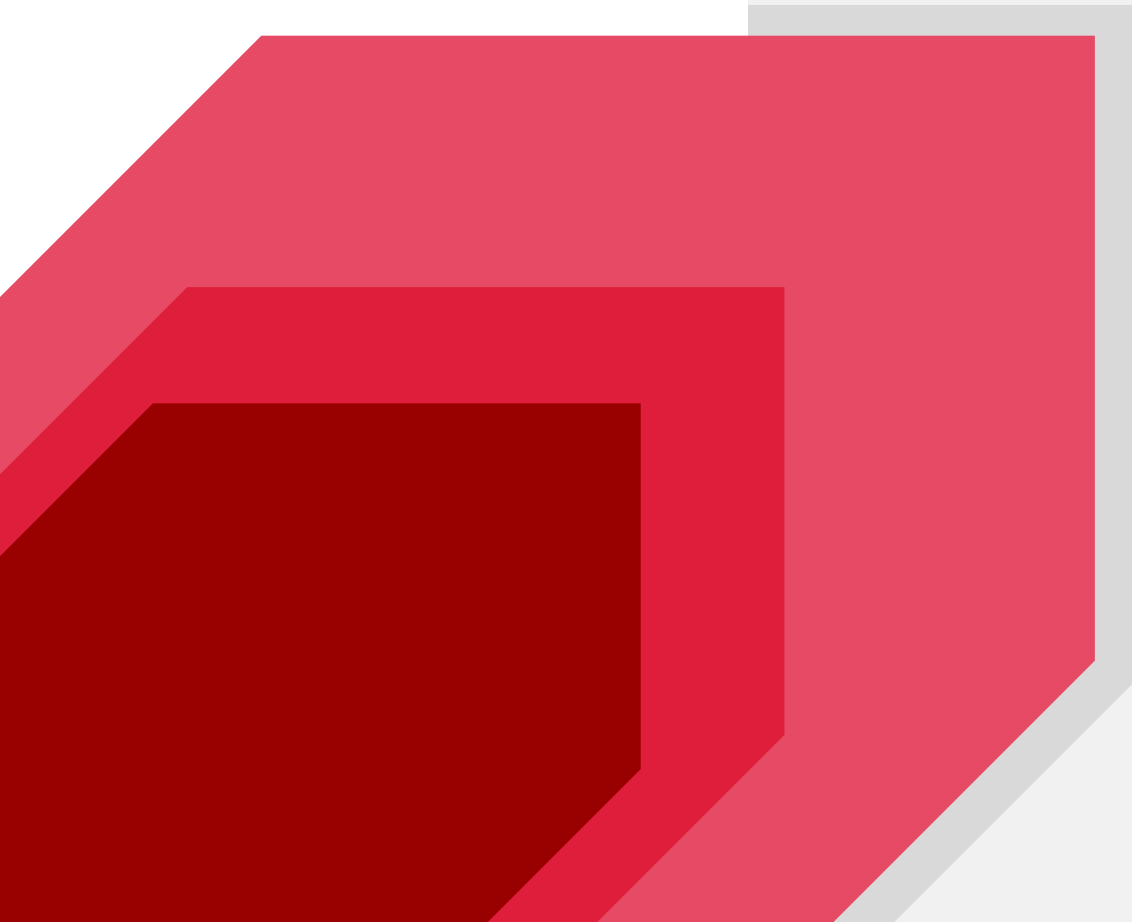


AERATED CONCRETE (th. m³)





MARKET OVERVIEW

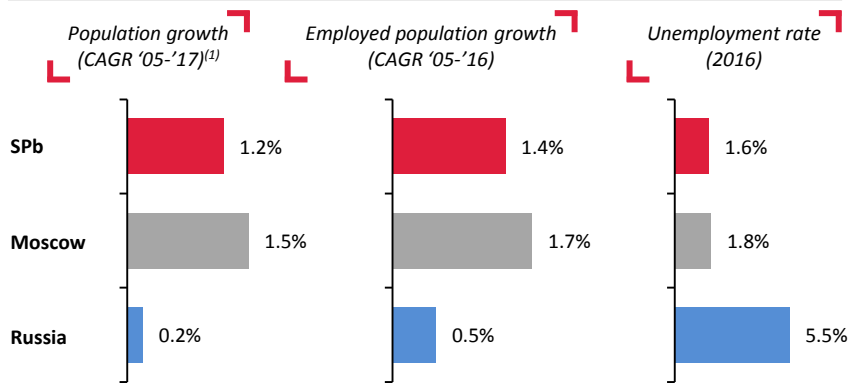


REGULATORY AND MARKET TRENDS

REGULATORY TRENDS	CAPITALIZATION LEVEL	<ul style="list-style-type: none"> • Minimum 10% of estimated project cost must be held in cash in designated banks before being able to raise funds through equity participation agreements • Additional 1.2% of equity participation contract value should be deposited in the compensatory fund 	<ul style="list-style-type: none"> ✓ LSR's robust financial position and strong balance sheet enable the Company to easily comply with all the new requirements
	HIGHER TRANSPARENCY	<ul style="list-style-type: none"> • Developers are required to report audited financials and have semi-annual disclosure 	<ul style="list-style-type: none"> ✓ LSR has already established IFRS reporting system and semi-annual auditor's review
	EXPERIENCE AND CONSTRUCTION PERMITS	<ul style="list-style-type: none"> • Minimum three years of experience for a developer or its mother company with a minimum of 10k sqm completed • One legal entity can apply for only one construction permit at a time 	<ul style="list-style-type: none"> ✓ More than 20 years of experience ✓ c.8.8 m sqm completed
	PROJECT FINANCING	<ul style="list-style-type: none"> • Developer's borrowing activities are limited to housing construction activities only • Developers must not obtain any other financing apart from bank loans (no bonds) and equity issuance • Bank accounts of a project developer and general contractor should be open in one bank from a preapproved list 	<ul style="list-style-type: none"> ✓ Additional financing needs can be sourced through borrowings from a parent company or debt-like securities that can be issued either by a parent company or affiliated companies
	PROJECT COSTS	<ul style="list-style-type: none"> • Advances related to design and construction are limited to 30% of total project value • Selling, general and administrative expenses to be capped at 10% of total construction costs 	<ul style="list-style-type: none"> ✓ Currently, LSR Group projects are compliant with new requirements
MARKET EVENTS	RENOVATION PROGRAMME IN MOSCOW	<ul style="list-style-type: none"> • In 2017 the Moscow government approved a housing renovation programme which implies c.5,000 old residential buildings of 16m sqm to be demolished • By 2033 the government expects to construct up to 30m sqm of housing on sites of demolished houses, relocating existing tenants and selling the rest (up to 15m sqm) on the market to cover relocation costs 	<ul style="list-style-type: none"> ✓ Potentially lower land acquisition costs for private developers ✓ Reduction of current supply on the back of lack of completed housing stock for the 1st stage of renovation ✓ Short-term boost in demand

FUNDAMENTALLY SOLID OUTLOOK

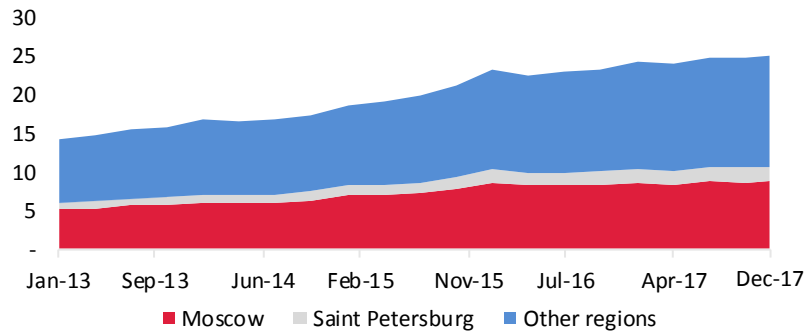
GROWING POPULATION AND LOW UNEMPLOYMENT



Source: Rosstat

SIZABLE DEPOSIT BASE

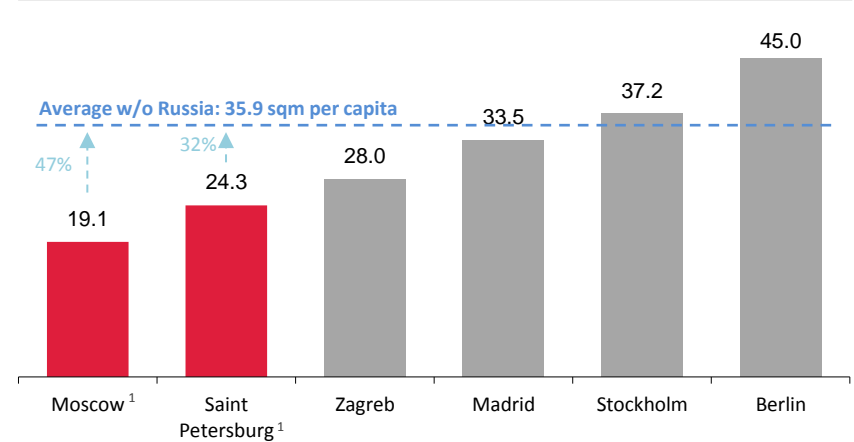
Household deposits (RUB & foreign currencies), RUB trillion



- Sizable deposit base, part of which may go the housing market in the event of interest rates decrease

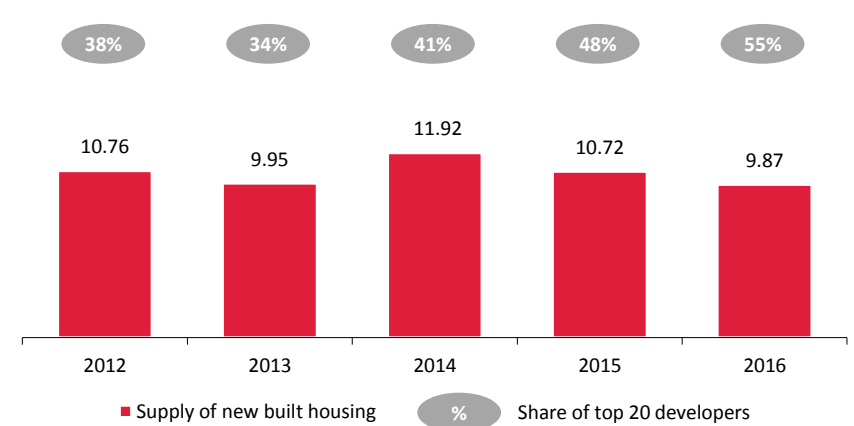
Source: CBR

LOW HOUSING STOCK PER CAPITA²



Source: Rosstat, Eurostat

TOTAL SUPPLY IN SAINT PETERSBURG AND MMA³ (MN SQM)



Source: Knight Frank, IRN

Note: ¹ Calculated via dividing total housing stock by population; ² Average area of living accommodation for European countries;

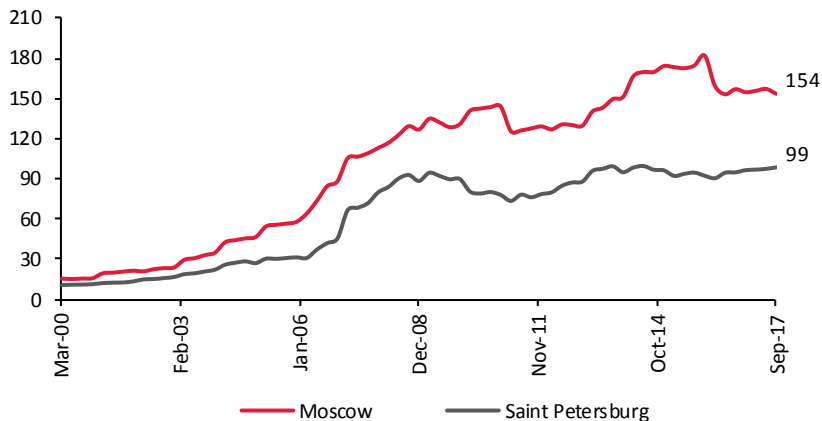
³ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road

AFFORDABILITY AND PRICING

AFFORDABILITY AT MAXIMUM LEVELS

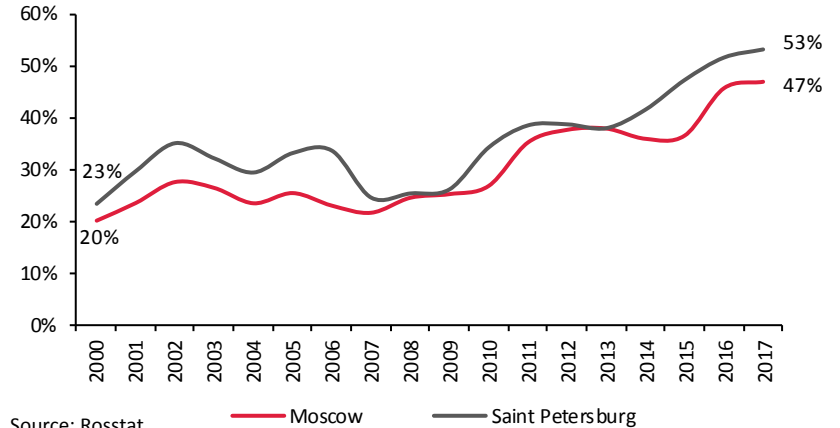
- On the back of falling mortgage rates and real estate prices easing, the affordability of housing has reached its all-time high levels
- Primary market prices have been relatively flat lately
- Consumers are becoming more and more price wary which in a large number of cases defines apartment size
- Nominal RUB and USD prices in Moscow have been largely flat in the last months of 2017
- Envisaged regulatory changes and new supply might lead to housing prices growth on the back of increased construction costs that might rise after project financing is rolled out

PRIMARY MARKET HOUSING PRICES, RUBk PER SQM



Source: Rosstat

AVERAGE MONTHLY WAGE PER AVERAGE SQM PRICE



Source: Rosstat

HOUSING PRICES BY TYPE¹

Panel and block houses

Old panel



133,952
RUB/sqm

Typical panel



140,818
RUB/sqm

Modern panel



154,322
RUB/sqm

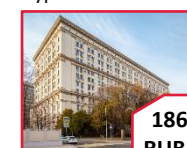
Modern concrete and brick houses

Old brick



156,153
RUB/sqm

Typical brick



186,251
RUB/sqm

Modern concrete-brick



199,354
RUB/sqm

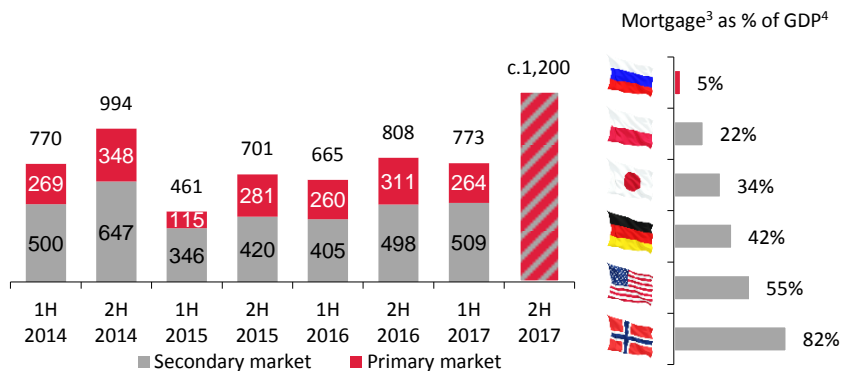
Source: IRN

MORTGAGE LENDING AND RATES DYNAMICS

KEY DEVELOPMENTS

- During first 11 months of 2017 over 935k mortgages (+24% yoy) were issued, with a total amounting to ca. RUB 1.7 trillion (+34% yoy)
- Mortgage rates continue to decrease and reach record low levels which in its turn helps to boost record high mortgage lending levels
- Average mortgage rate for the first 11 months of 2017 amounted to 10.78% which is 1.8 pp lower in comparison with the respective period of 2016
- Taking into account current monetary policy targeted on maintenance of positive real interest rates, mortgage rates may go to as low as 8% by the end of 2018
- For families with the second and third child born starting from 2018, a subsidized mortgage rate of 6% will be applied for new housing or refinancing

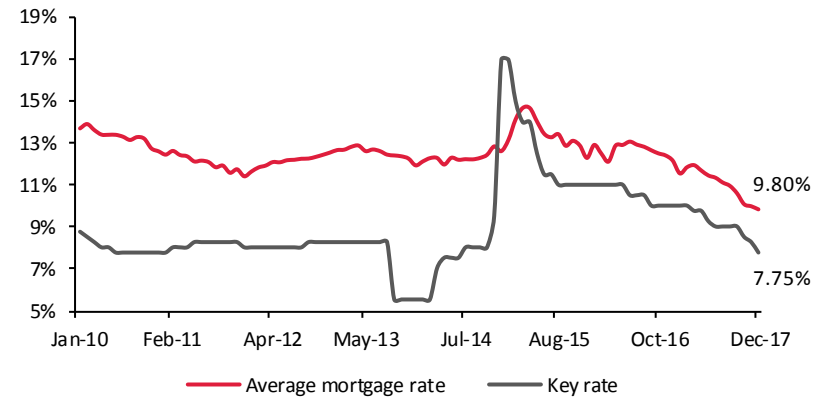
MORTGAGE LOANS ISSUED, RUB bn



- According to AIZhK, outstanding mortgage portfolio is expected to reach RUB 5.3-5.4 trillion by the end of 2017

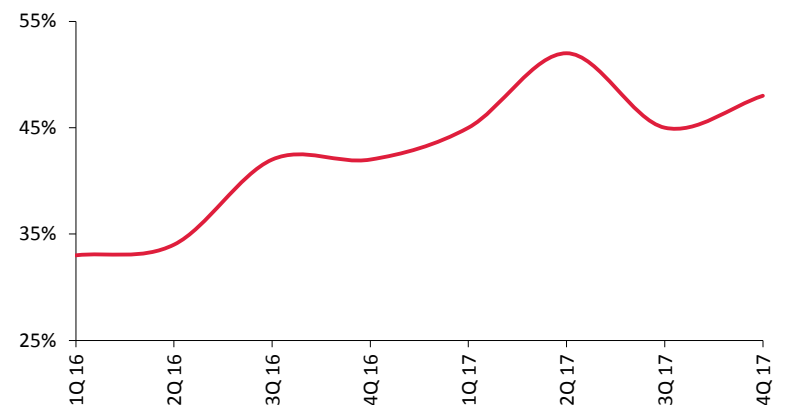
Source: CBR, AIZhK, EMF

AVERAGE MORTGAGE RATE IN RUSSIA¹



Source: CBR

SHARE OF MORTGAGE TRANSACTIONS IN LSR SALES²



Source: company information

MORTGAGE AFFORDABILITY OUTLOOK

SENSITIVITY OF MONTHLY MORTGAGE PAYMENT (RUB)

Mortgage rate	Down payment			
	20%	25%	30%	35%
10.0%	34,387	32,238	30,089	27,940
9.0%	32,457	30,428	28,399	26,371
8.0%	30,581	28,670	26,758	24,847
7.0%	28,763	26,965	25,167	23,370

- Presented sensitivity table assumes the following:
 - Apartment price of RUB 4.0 m
 - Duration of mortgage of 15 years

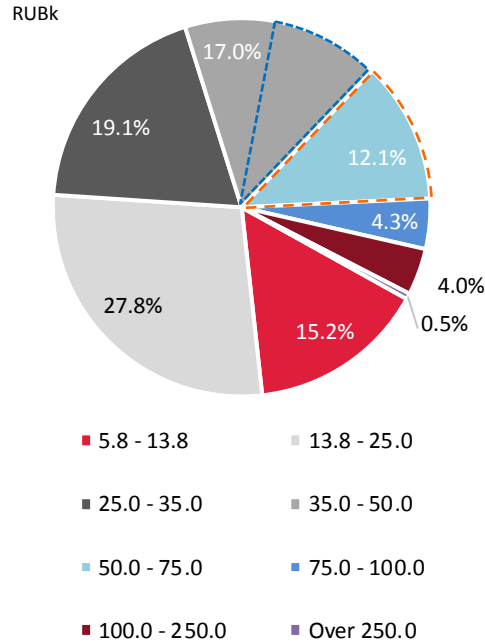
REQUIRED SALARY FOR MORTGAGE APPROVAL (RUB)

Mortgage rate	Down payment			
	20%	25%	30%	35%
10.0%	68,775	64,476	60,178	55,879
9.0%	64,913	60,856	56,799	52,742
8.0%	61,162	57,339	53,517	49,694
7.0%	57,525	53,930	50,334	46,739

- Assuming salary should cover monthly mortgage payment by 2.0x

Source: company analysis

BREAKDOWN OF EMPLOYED POPULATION OF RUSSIA BY MONTHLY SALARY¹



- According to Rosstat, c.12.1% of Russia's employed population has monthly salary in the range of RUB 50.0-75.0 thousand
- Another 17.0% has monthly salary in the range of RUB 35.0-50.0 thousand
- Total employed population of Russia amounted to c.72m people²

Source: Rosstat

INCREASING MORTGAGE AFFORDABILITY

- According to our estimates, at 9.8% (current average rate) only c.10% of Russian working population can afford mortgage for average mass market apartment
- Monthly payments are very sensitive to each mortgage percentage point change
- The government announced plans to decrease mortgage rate to 7% in the next coming years
- We estimate the upside to current customer base in the following way:

Mortgage rate Upside to customer base

9%

Extra **5%** of working population

+50% to existing customer base

8%

Extra **8%** of working population

+130% to existing customer base

Source: company analysis



APPENDIX

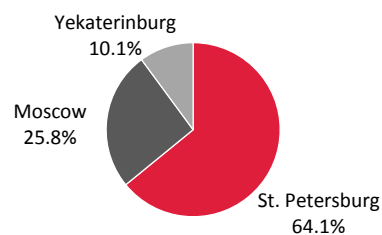
PORTFOLIO OVERVIEW

PORTFOLIO BREAKDOWN

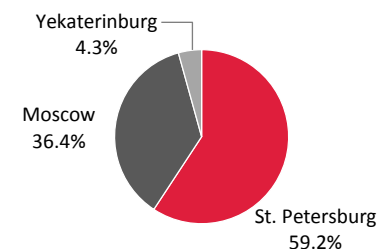
BY REGION

Region	NSA ('000m ²)	% of total	MV (RUB mn)	% of total
St. Petersburg and Leningrad region	5,618	64.1%	85,151	59.2%
Moscow and Moscow region	2,266	25.8%	52,400	36.4%
Yekaterinburg	883	10.1%	6,213	4.3%
Total	8,767	100%	143,764	100%

by net sellable area



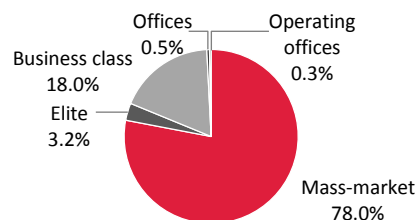
by market value



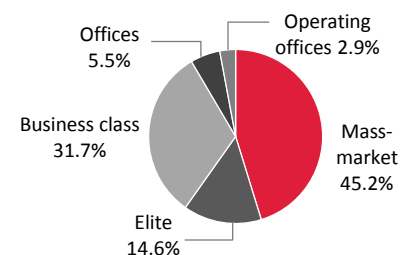
BY SEGMENT

Property Sector	NSA ('000m ²)	% of total	MV (RUB mn)	% of total
Mass-market	6,839	78.0%	65,036	45.2%
Elite	283	3.2%	20,938	14.6%
Business class	1,579	18.0%	45,618	31.7%
Offices	40	0.5%	7,953	5.5%
Operating offices	26	0.3%	4,218	2.9%
Total	8,767	100%	143,764	100%

by net sellable area



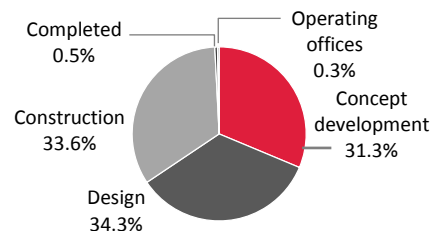
by market value



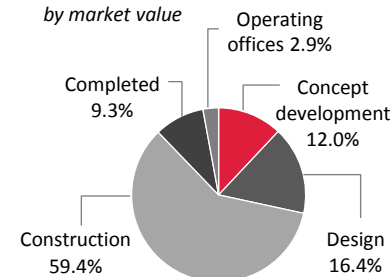
BY STAGE

Property Sector	NSA ('000m ²)	% of total	MV (RUB mn)	% of total
Concept Development	2,740	31.3%	17,267	12.0%
Designing	3,011	34.3%	23,550	16.4%
Construction	2,947	33.6%	85,425	59.4%
Completed	44	0.5%	13,303	9.3%
Operating offices	26	0.3%	4,218	2.9%
Total	8,767	100%	143,764	100%

by net sellable area



by market value



IFRS 15 – THE NEW REVENUE RECOGNITION STANDARD IN PLACE STARTING 1 JANUARY 2018

REVENUE RECOGNITION

Current IFRS

Transfer of legal title or passing asset to possession of the buyer

IFRS 15

One-time recognition

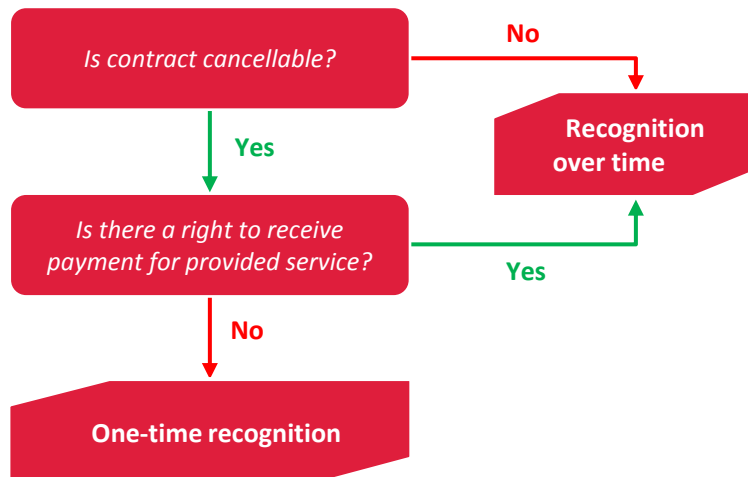
Revenue recognition occurs when the performance obligation is satisfied, i.e., when control over the relevant good or service is transferred to the customer

Recognition over time

Revenue recognition occurs if at least one of the below criteria is satisfied:

- The customer receives and consumes the benefits of the entity's performance as the entity performs
- The entity's performance creates or enhances a customer-controlled asset
- The asset being created has no alternative use to the entity, but the entity has a right to payment for performance completed to date

KEY MECHANICS OF REVENUE RECOGNITION



IMPACT ON LSR GROUP

- LSR Group will be recognizing c. 95% of its revenue over time vs. at the time each lot has been actually completed and sold
- Key stages of project development and impact on revenue recognition for each lot:
 - Launch of construction: c. 0%
 - Completion of first floor: c. 10%
 - Completion of last floor: c. 40%
 - Completion of exterior: c. 70%
 - Completion of common areas: c. 90%
 - Approval by state commission: c. 95%

SUSTAINABLE BUSINESS DEVELOPMENT AND SOCIAL RESPONSIBILITY

<p>1</p> <p>CHILDREN AND FUTURE</p>	<ul style="list-style-type: none"> • One of the most significant and effective charitable projects carried out by LSR Group is its long-term cooperation with the Parents' Bridge Foundation which helps children without parental care to find new families • In 2016, Parents' Bridge Foundation, jointly with LSR Group, continued to fulfill its official authority to train people willing to adopt a child left without parental care as part of the School for Foster Parents. In 2016, 61 children were sent to such families • The company established centers for children with special needs "Dobrotorium" in Moscow and Yekaterinburg 	
<p>2</p> <p>PRESERVATION OF THE CULTURAL HERITAGE</p>	<ul style="list-style-type: none"> • The company allocated the necessary construction materials and contributed funds to the operation of architectural monuments in Pushkin, St. Petersburg, Pidma, Turygino, Rublyevo-Arkhangelskoe • The Group provided its assistance in the holding of exhibitions in Hermitage, concerts in Oktyabrsky Hall and projects related to the development of cinematography 	
<p>3</p> <p>EMPLOYEE MOTIVATION AND SOCIAL SECURITY</p>	<ul style="list-style-type: none"> • LSR Group guarantees its employees stable income and timely payment of competitive salaries. In 2016, Company's payroll expenses excluding allocations for social needs exceeded RUB10.5bn • Average salary amounted to RUB47,294 a month implying more than 5% growth compared to 2015 average salary 	
<p>4</p> <p>DEVELOPMENT</p>	<ul style="list-style-type: none"> • Centralized Personnel Evaluation and Development Center implements programs for company's managers and specialists training • Furthermore, LSR Group subsidiaries continue having their own training centers aimed to satisfy the company's demand for qualified professionals. In 2016, more than 1,500 employees were trained in such centers 	<p>Average length of service: 5.5 Years</p> <p>Average age of employees: 39 years</p>
<p>5</p> <p>ENVIRONMENT PROTECTION PROGRAMS</p>	<ul style="list-style-type: none"> • The development of new technologies, introduction of environment friendly solutions, reduction of fuel consumption and pollutant emissions are an integral part of LSR environmental policy 	<p>Average wage: 47.3 Thousand Rubles (+5% increase compared to 2015)</p> <p>15 Thousand Employees</p> <p>70% Production staff</p>

DEDICATED BOARD OF DIRECTORS

Founding Shareholder



Andrey Molchanov

CEO,
Chairman of the Strategy and
Investment Committee

Experience

- Founded LSR Group in 1993
- Honorary Builder of Russia¹
- In 2008-2013 elected Senator of the Leningrad region

Education:

- St. Petersburg State University; Russian Academy of Public Administration
- Doctor of Economics



Dmitri Gontcharov

Chairman of the Board of Directors,
Member of the Strategy and Investment
Committee

Experience:

- Works in LSR Group since 2003
- Worked at BBMS Treuhand GmbH, Siemens AG

Education:

- St. Petersburg State University; Ludwig-Maximilians-Universität (Munich)



Eugeny Yatsyshin

First Deputy CEO,
Member of Strategy and
Investment Committee of BoD

Experience:

- Works in LSR Group since 1993
- Honorary builder of Russia¹
- Worked as Chairman of the Construction Committee of St. Petersburg Government in 2003-2005

Education:

- Saint Petersburg State University; Saint Petersburg International Management Institute

Executive Directors



Vasily Kostritsa

Deputy CEO for Building
Materials,
Member of the Strategy and
Investment Committee

Experience

- Works in LSR Group since 2000
- Honorary Builder of Russia¹
- Member of the Legislative Assembly of the Leningrad region, member of the Commission for Construction, Transport, Communication and Roads

Education:

- Leningrad Institute of Marine Transport
- PhD in Economics



Olga Sheikina

Head of LSR Group Moscow
Office

Experience:

- Works in LSR Group and its subsidiaries since the year of its foundation

Education:

- St. Petersburg State Mining Institute; St. Petersburg State University of Economics and Finance



Elena Tumanova

Advisor of LSR Group

Experience:

- Works in the construction industry for 20 years
- Honorary builder of Russia¹
- Member of the Russian Chamber of Auditors

Education:

- Leningrad Shipbuilding Institute; St. Petersburg State University of Economics and Finance; International Banking Institute and Stockholm University Business School

INEDS



Alexander Prsyazhnyuk

INED, Member of Strategy and
Investment Committee, Audit
Committee of BoD, Member of
Human Resources and Compensation

Experience:

- Was INED of DIXY Group PJSC, currently INED and Chairman of the Audit Committee of M.Video PJSC

Education:

- Kuban State University



Aleksey Makhnev

INED, Chairman of Audit Committee
of BoD, Member of Human
Resources and Compensation
Committee, Member of Strategy and
Investment Committee

Experience:

- Member of the BoD of M.video
- Head of Consumer Goods, Retail and Real Estate of the Corporate Investment Department of VTB Capital

Education:

- Saint-Petersburg State University of Economics and Finance
- PhD in Economics



Vitaly Podolsky

INED, Chairman of Human Resources
and Compensation Committee,
Member of Audit Committee of BoD,
Member of Strategy and Investment
Committee

Experience:

- Worked at RG Brands, Caesar Satellit Companies, Cherkizovo Group PJSC, Skoltech, ARMADA PJSC, FMF Capital

Education:

- Lomonosov Moscow State University; University of Chicago Booth School of Business

EXPERIENCED EXECUTIVE COMMITTEE



Andrey Molchanov
CEO,
Chairman of the Strategy and
Investment Committee

- Born in 1971
- Founded LSR Group in 1993
- Doctor of Economics
- Honorary builder of Russia

Education:

- In 1993 graduated from the Faculty of Economics, St. Petersburg State University
- In 1998 graduated from the Russian Academy of Public Administration

with a degree in State and Municipal Administration

Experience:

- In 1993, Andrey Molchanov founded LSR Group and headed the company till 2007
- In 2008 – 2013 – elected Senator of the Leningrad Region in the Federation Council of Russia’s Federal Assembly
- In 2013 - 2015 – Chairman of the Board of Directors of LSR Group
- Since April 2015 – Chairman of the Strategy and Investment
- Since May 2015 – CEO, Chairman of the Executive Committee



Eugeny Yatsyshin

Member of the Executive Committee,
First Deputy CEO. Supervises real estate development
units in three regions

Experience:

- Works in LSR Group since 1993
- Honorary builder of Russia⁽¹⁾
- Worked as Chairman of the Construction Committee of St. Petersburg Government in 2003-2005

Education:

- Saint Petersburg State University; Saint Petersburg International Management Institute



Galina Volchetskaya

Member of the Executive Committee,
Executive Director.
Supervises directorates for legal affairs, information
technologies, economic security and office
management

Experience:

- Works in LSR Group since 2011
- Worked in the system of State Registrations of Rights for Realty
- Awarded the Certificate of Merit of the President of the Russian Federation

Education:

- Leningrad State University
- PhD in Law



Leonid Sorokko

Member of the Executive Committee,
Deputy CEO for Construction.
In charge of LSR. Construction business units in three
regions

Experience:

- Works in LSR Group since 2013
- Worked for various construction companies holding positions ranging from specialist to CEO
- In 2007-2009, he was Head of the Construction Department at Russia's Defense Ministry and Advisor to the Minister of Defense

Education:

- Leningrad Institute of Civil Engineering



Vasily Kostritsa

Member of the Executive Committee, Deputy CEO for
Building Materials

Experience

- Works in LSR Group since 2000
- Honorary Builder of Russia⁽¹⁾
- Member of the Legislative Assembly of the Leningrad region, member of the Commission for Construction, Transport, Communication and Roads

Education:

- Leningrad Institute of Marine Transport
- PhD in Economics



Dmitry Kutuzov

Member of the Executive Committee,
Chief Financial Officer

Experience:

- Works in LSR Group since 2004
- Worked in the banking sector
- Awarded the Honorary Certificate of the Vice Governor of St. Petersburg

Education:

- St. Petersburg State University of Finance and Economics; St. Petersburg International Management Institute (IMISP)



Yuri Ilyin

Member of the Executive Committee,
Managing director

Experience:

- Works in LSR Group since 2005
- Worked at Hewlett Packard, Procter & Gamble, St. Petersburg Committee for Investments and Strategic Projects

Education:

- St. Petersburg State University and Stockholm University, School of Business, MBA

KEY OPERATING RESULTS

REAL ESTATE¹

	3Q 2017	4Q 2017	Change QoQ, %	4Q 2016	Change YoY, %	2016	2017	Change, %
New contract sales, th. sqm	167	216	29%	172	26%	681	640	(6%)
Completed, th. sqm	38	690	1,716%	514	34%	788	909	15%

Real Estate - St. Petersburg

New contract sales, th. sqm	110	146	33%	97	50%	386	407	6%
Elite real estate	3	11	267%	5	123%	21	21	(1%)
Business class real estate	7	16	129%	9	87%	43	39	(10%)
Mass market real estate	100	119	19%	83	42%	322	348	8%
Completed, th. sqm	-	465	-	367	27%	494	607	23%
Elite real estate	-	12	-	8	46%	26	12	(53%)
Business class real estate	-	78	-	-	-	-	107	-
Mass market real estate	-	375	-	359	5%	469	488	4%

Real Estate – Moscow

New contract sales, th. sqm	29	36	24%	38	(6%)	193	122	(37%)
Completed, th. sqm	11	182	1,555%	101	80%	198	193	(3%)

Real Estate – Yekaterinburg

New contract sales, th. sqm	27	35	30%	37	(6%)	102	110	8%
Completed, th. sqm	27	42	56%	46	(8%)	96	109	14%

BUILDING MATERIALS¹

Product	3Q 2017	4Q 2017	Change QoQ, %	4Q 2016	Change YoY, %	2016	2017	Change, %
Crushed granite, th. m3	1,892	1,445	(24%)	1,450	-	6,312	5,975	(5%)
Sand, th. m3	2,128	1,992	(6%)	1,872	6%	8,742	7,564	(13%)
Ready-mix concrete, th. m3	302	243	(20%)	224	9%	879	1,052	20%
Reinforced concrete, th. m3	75	60	(20%)	60	-	256	234	(9%)
Bricks, million units	89	62	(30%)	69	(10%)	317	290	(9%)
Aerated concrete, th. m3	492	310	(37%)	295	5%	1,385	1,509	9%

Source: company information

Note: ¹ Operating results in these tables are rounded to whole numbers, QoQ calculations are based on the rounded numbers, YoY calculations are based on the full figures

Contacts



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