

17 June 2014

Etalon Group Notification of AGM

Etalon Group Limited (“Etalon Group” or the “Company”), one of Russia’s largest and longest-established residential real estate developers, announces that its annual general meeting of shareholders (“AGM”) will be held on at 15:00 on 11 July 2014 at The Old Government House Hotel, St Peter Port, Guernsey, Channel Islands.

The AGM agenda includes the following resolutions:

- 1) To receive the Company’s Annual Report and Accounts for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditor thereon.
- 2) To approve a final dividend for the year ended 31 December 2013 of USD 0.075 per share, such dividend to be payable on 30 July 2014 to shareholder on record as at 13 June 2014.
- 3) To appoint ZAO KPMG as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
- 4) To authorise the Directors to set the auditor’s remuneration.
- 5) To re-elect Martin Robert Cocker as a Director of the Company.
- 6) To re-elect Anton Evgenyovich Poryadin as a Director of the Company.
- 7) To elect Kirill Mikhailovich Bagachenko as a Director of the Company.

The Notice of AGM and Form of Proxy are being posted to shareholders today, and copies of these documents have been submitted to the National Storage Mechanism and will shortly be available for inspection at <http://www.morningstar.co.uk/uk/NSM>. The Notice of Meeting is also available on the Etalon Group website at www.etalongroup.com.

This and other recent announcements are available on the Etalon Group website:
<http://www.etalongroup.com/investors/news/>

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About Etalon Group

History and Overview

Founded in 1987 by Viacheslav Zarenkov, Etalon Group has become one of Russia's largest residential real estate developers. With a more than 25-year history, the Company has one of the longest and most successful track records in the Russian real estate industry.

Today Etalon Group is a leading player in Russia's "Golden Triangle" – St Petersburg, Moscow and the greater Moscow area, with a dominant position in the "comfort class" segment. The Company's strong foothold in these markets is reinforced further by its unique nationwide sales network covering 9 of the 10 wealthiest regions of Russia, and spanning 30 cities in total. The sales network generates up to 30% of Etalon Group's revenue, and has been an important source of stable demand even throughout the crisis.

Etalon Group is one of the only truly vertically integrated businesses in the Russian real estate sector. The Company does everything from acquiring land to sales and cash collections from its customers, which enables it to maximise margins throughout the value chain, and reduces exposure to cost inflation from external service providers. Etalon Group is a company of scale, with a total of 40 business units that employ over 4,000 people, two strong construction management companies, five general contractors, 16 subcontractors, a crane company, a brick factory and a nationwide sales network.

Etalon Group's strong financial position is driven by its effective pre-sales business model. The Company aims to pre-sell 70-90% of all residential space before a building is delivered. It also targets an average down payment of 50%. This allows Etalon Group to finance the construction process using money from customers, as opposed to using the loans or funding from shareholders.

In addition to homebuilding, Etalon Group's long history and superior quality offering has helped it to become a trusted industrial construction partner for clients like General Motors, Toyota, Ford Motors, Bosch, Siemens, Nissan, Suzuki and Gazprom in northwest Russia.

Since 20 April 2011, Etalon Group Limited has had its GDRs traded on the Main Market of the London Stock Exchange.

Operational and Financial Highlights

As of 31 December 2013, Etalon Group's portfolio comprised 28 projects, with a total of 3.44 million sqm of unsold net sellable area ("NSA") in the St. Petersburg and Moscow Metropolitan Areas. Jones Lang LaSalle valued this portfolio at USD 2,727 million, a 15% increase in the market value from YE 2012.

For the year ended 31 December 2013, Etalon Group's new contract sales totalled 356,075 sqm, or RUB 30,227 million. Deliveries in 2013 totalled 468 thousand sqm.

The Company recorded revenues of RUB 39.9 billion and EBITDA of RUB 9.4 billion, with an EBITDA margin of 24% for the year ended 31 December 2013, making it one of the most profitable players in the sector.

Etalon Group's net debt position at 31 December 2013 was RUB 182 million, leaving it well positioned to fund continued dynamic growth.