

# 1H AND 2Q 2020 OPERATING RESULTS

15 July 2020



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# COVID-19 UPDATE





# COVID-19 SITUATION IN RUSSIAN DEVELOPMENT

**RUSSIA CURRENTLY IS ON TRACK TO END THE COVID-19 PANDEMIC. SINCE THE END OF JUNE, THE NUMBER OF ACTIVE CASES HAS BEEN STEADILY DECREASING. RUSSIAN AUTHORITIES HAVE BEEN GRADUALLY LIFTING RESTRICTIONS**

## **Construction**

- The Mayor of Moscow and the Governor of the Moscow region temporarily suspended construction for one month from 13 April 2020 until 12 May 2020 in Moscow and until 18 May 2020 in the Moscow region
- St Petersburg authorities did not place any restrictions on residential construction
- In most regions of Russia the development business continues to function as normal: construction and sales are ongoing
- The pandemic did not significantly affect Etalon Group's construction schedule: the Company delivered 4 projects in 2Q 2020, in line with plans

## **Sales**

- Sales offices temporarily suspended their "offline" operations for several months and resumed normal work in the beginning of June 2020
- Online sales were launched shortly after the first COVID-19 lockdown measures were introduced
- Sales personnel can travel to customers to sign contracts outside of crowded offices at a safe "social distance" and mortgage agreements can be completed remotely
- The COVID-19 crisis affected residential real estate sales, but Etalon Group saw a significant recovery in the end of 2Q 2020

**ETALON GROUP IS FULLY COMPLIANT WITH ALL RECOMMENDATIONS AND CONTRIBUTING TO THE STABILISATION OF THE SITUATION**



# DEMAND DRIVERS AND GOVERNMENT SUPPORT



## FACTORS SUPPORTING AND DRIVING DEMAND

- The Central Bank of Russia decreased the key rate to a record low 4.5%. This supported a new historic low average mortgage rate, which reached 5.79% in May 2020
- Launch of a special mortgage programme with a reduced interest rate of 6.5% and lower for loans of up to RUB 12 mln in Moscow and St Petersburg
- The share of Etalon Group's property that meets the criteria for this programme is up to 86%.<sup>(1)</sup>
- Increase in demand for real estate investments due to new tax levied on interest from bank deposits and declining interest rates on bank deposits
- Customers in difficult financial situations may be able to delay mortgage payments

## SUPPORT FOR REAL ESTATE DEVELOPERS

- Additional 1-year extension of deadlines for construction permits that ended before 2021
- DOM.RF, the Unified Development Institution for the Housing Sector, proposed subsidising project finance interest rates
- The Russian Government has supported the largest residential developers (including Etalon Group) by including them in the Systemically Important Companies List

## EXPECTED SUPPORT MEASURES:

- ✓ Government guarantees
- ✓ Working capital loans with interest rate subsidy equal to key rate
- ✓ Temporary delay of tax payments
- ✓ Financial support in case of significant long-term fall in demand
- ✓ The Federation Council also announced that it is considering allowing partial withdrawals from escrow accounts

**THESE MEASURES SHOULD SUPPORT THE ECONOMY, HELP TO ACTIVATE CONSUMER DEMAND AND PROVIDE SUFFICIENT SUPPORT TO THE DEVELOPMENT COMPANIES THAT WERE INCLUDED IN THE LIST OF SYSTEMIC ENTERPRISES**

<sup>(1)</sup> Based on FY 2019 sales and down payment of up to 30%



# OPERATING RESULTS



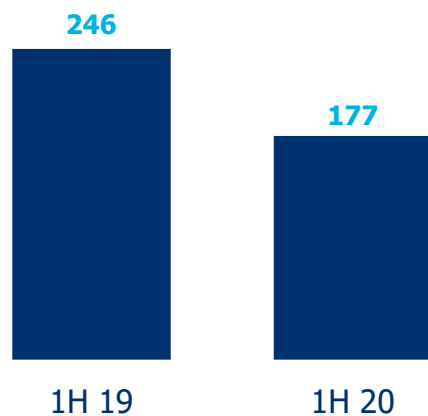


# DELIVERIES IN 1H 2020



ETALON GROUP DELIVERED 177  
THS SQM IN 1H 2020 IN LINE  
WITH CONSTRUCTION PLAN

## DELIVERIES ths sqm



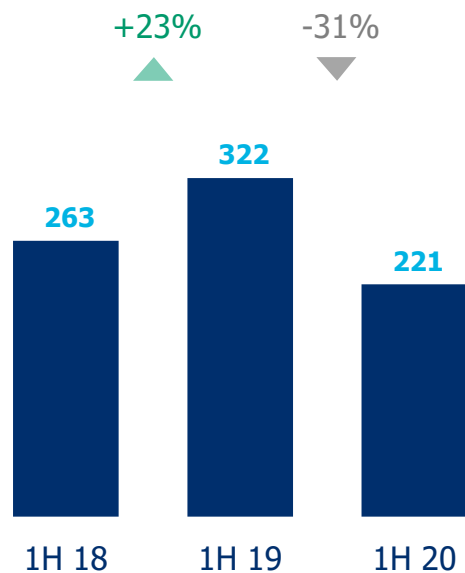
## 1H 2020 DELIVERIES BREAKDOWN ths sqm

PROJECT	NSA, ths sqm
Normandy	89
Botanica	47
House on Kosmonavtov	26
Schastye v Kuzminkakh	9
Schastye v Kuskovo	6
<b>TOTAL</b>	<b>177</b>

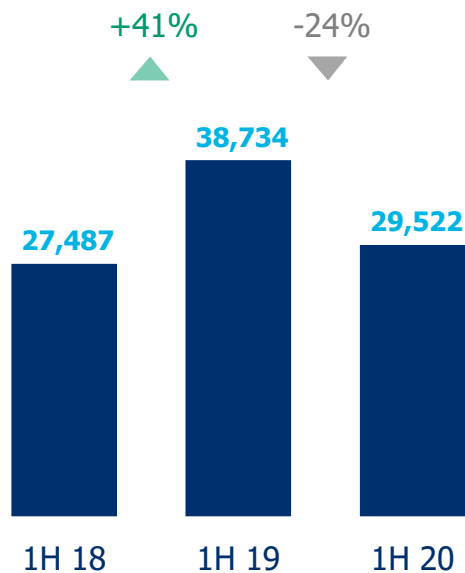
# 1H 2020 OPERATING RESULTS



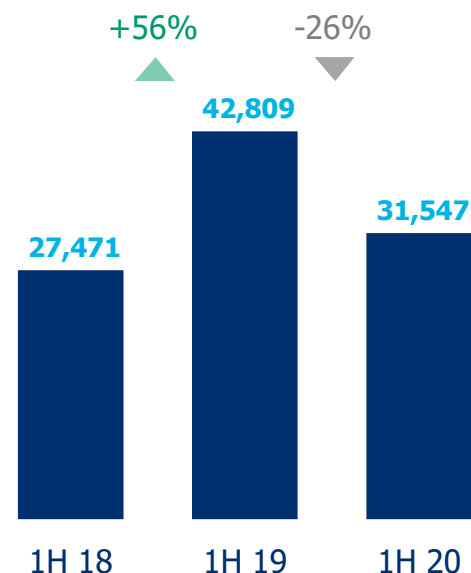
## NEW CONTRACT SALES ths sqm



## NEW CONTRACT SALES mln RUB



## TOTAL CASH COLLECTIONS mln RUB



- The number of new contracts reached **3,882 in 1H 2020**
- Cash collections in escrow accounts reached **RUB 8.1 bln** in 1H 2020, making it possible to reduce the cost of project financing to preferential interest rates ranging from 3% to 4%

Source: Company data

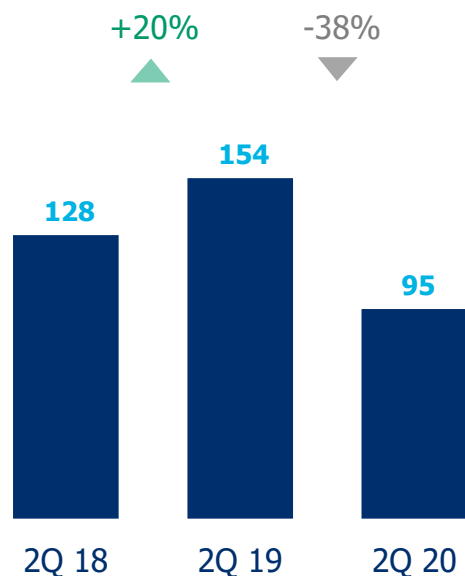


# 2Q 2020 OPERATING RESULTS

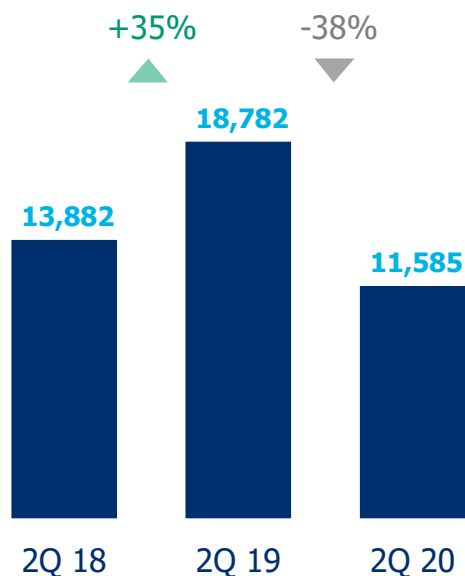


2Q 2020 OPERATING RESULTS WERE AFFECTED BY COVID-19 RESTRICTIONS IMPOSED IN ETALON GROUP'S CORE CITIES

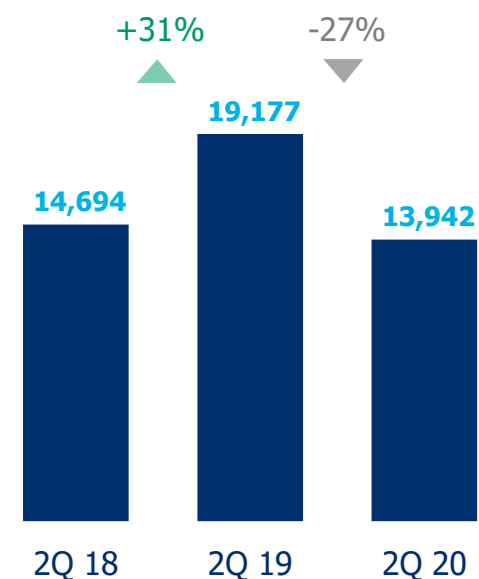
## NEW CONTRACT SALES ths sqm



## NEW CONTRACT SALES mln RUB



## TOTAL CASH COLLECTIONS mln RUB



- The number of new contracts reached **1,559 in 2Q 2020**
- Cash collections in escrow accounts reached **RUB 4.1 bln** in 2Q 2020, making it possible to reduce the cost of project financing to preferential interest rates ranging from 3% to 4%

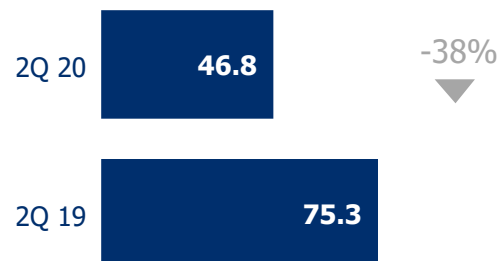
# 2Q 2020 OPERATING RESULTS: BREAKDOWN BY REGIONS



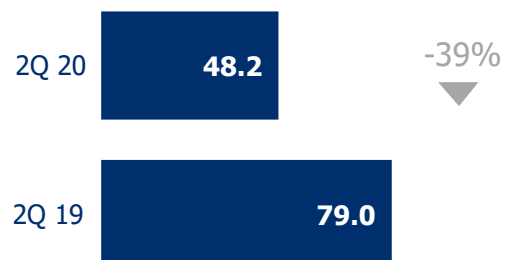
RESULTS IN MOSCOW SAW A SHARPER DECLINE DUE TO STRICTER LOCKDOWN MEASURES

## NEW CONTRACT SALES ths sqm

### Moscow



### St Petersburg

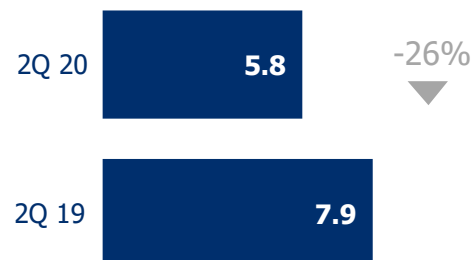


## NEW CONTRACT SALES bln RUB

### Moscow



### St Petersburg



## TOTAL CASH COLLECTIONS bln RUB

### Moscow



### St Petersburg



Source: Company data; y-o-y change was calculated without rounding.

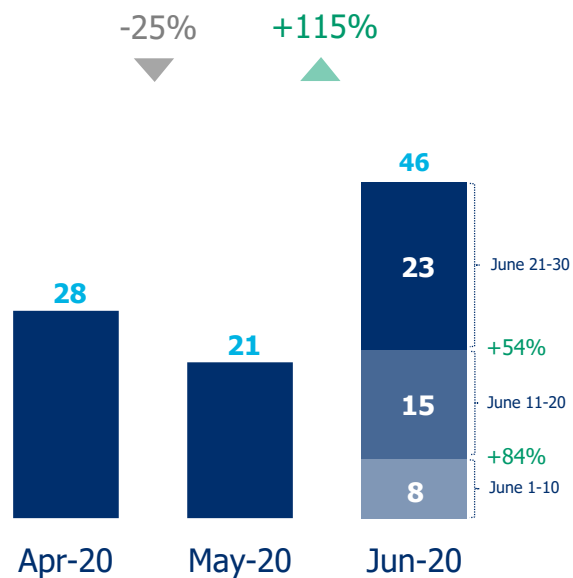


# MONTHLY SALES PERFORMANCE

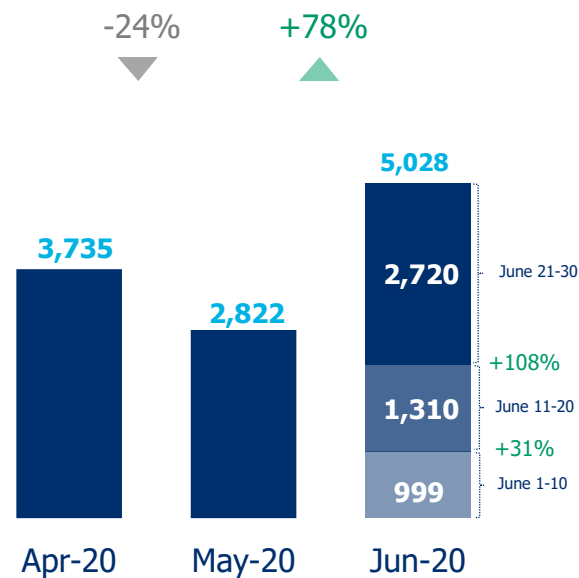


MONTHLY SALES SHOW RECOVERY IN JUNE AMID THE LIFTING OF LOCKDOWN MEASURES

## NEW CONTRACT SALES ths sqm



## NEW CONTRACT SALES mln RUB



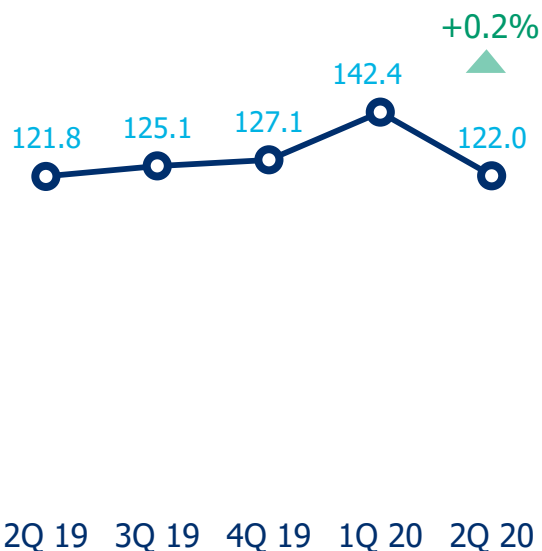
Source: Company data; totals may not add up due to rounding; period changes were calculated without rounding.

# AVERAGE PRICE AND DOWN PAYMENT PERFORMANCE

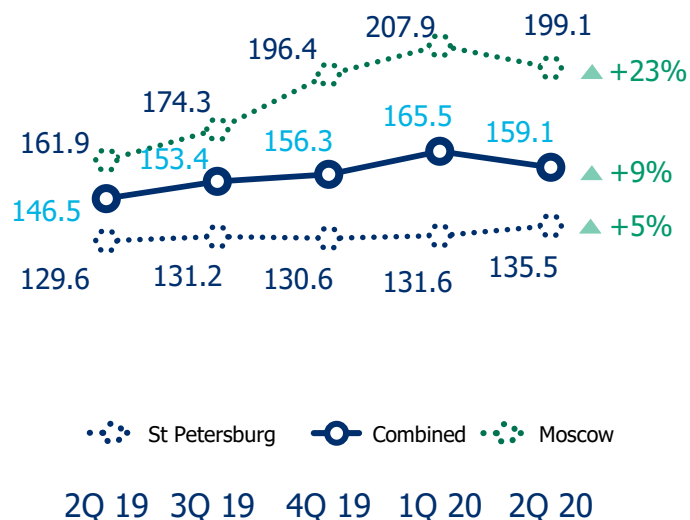


AVERAGE PRICE FOR APARTMENTS INCREASED BY 9% YEAR-ON-YEAR

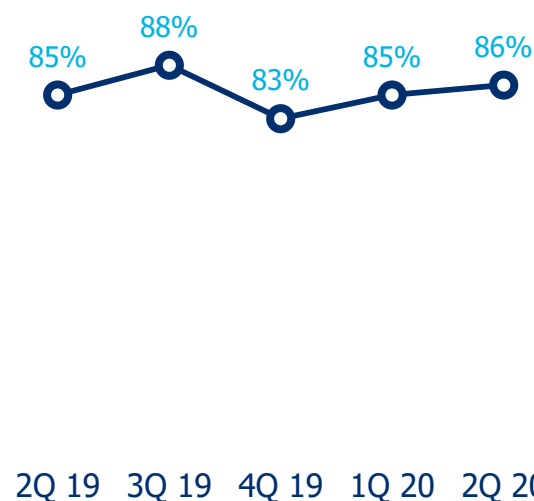
**AVERAGE PRICE**  
ths RUB/sqm



**AVERAGE PRICE APARTMENTS**  
ths RUB/sqm



**AVERAGE DOWN PAYMENT**  
%



••• St Petersburg    ● Combined    ••• Moscow

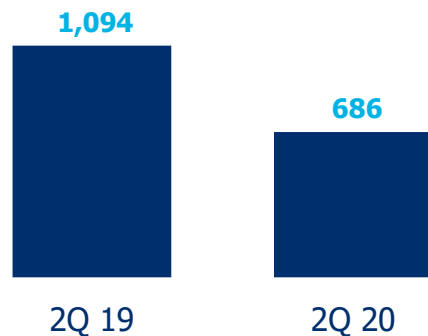
Source: Company data

# MORTGAGE SALES

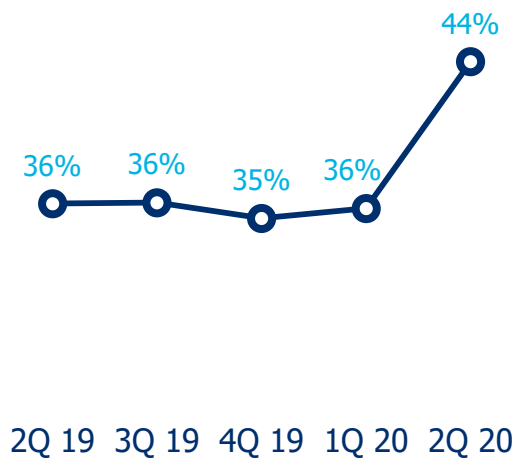


ETALON GROUP'S MORTGAGE CONTRACTS AS A SHARE OF SALES REACHED A RECORD HIGH 44% AMID DECLINING MORTGAGE RATES

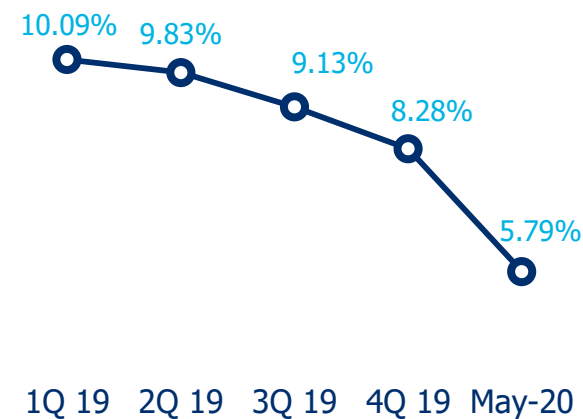
## NUMBER OF MORTGAGE CONTRACTS SIGNED



## MORTGAGE CONTRACTS AS A SHARE OF SALES



## AVERAGE MORTGAGE RATE IN RUSSIA<sup>(1)</sup>



Source: Company data

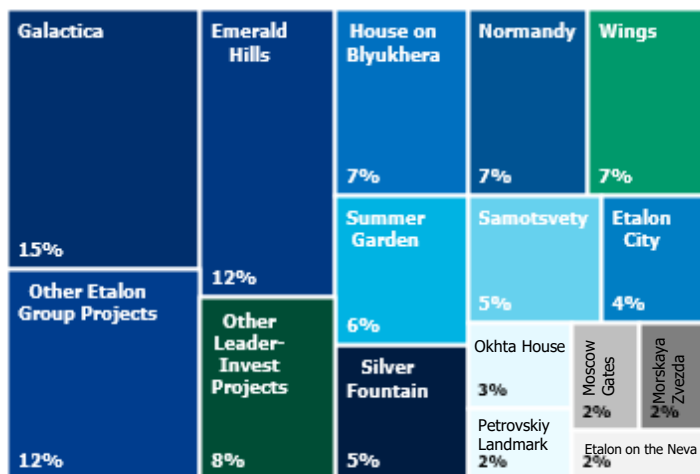
<sup>(1)</sup> Weighted average interest rate on mortgage loans given to residents of Russia for acquisition of apartments on the primary market during the month, based on CBR data.



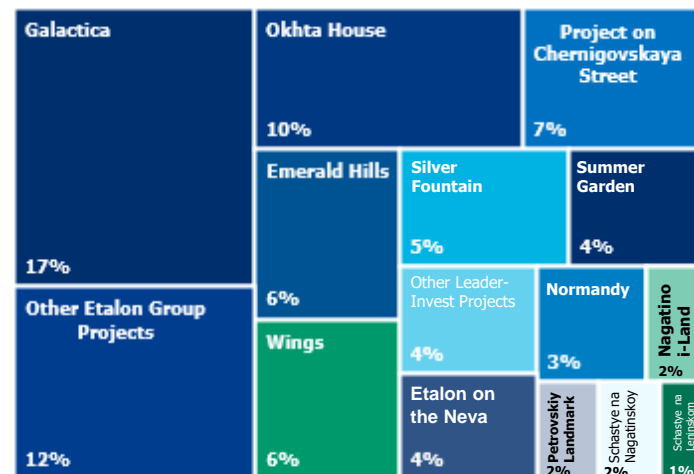
# SALES PORTFOLIO

LEADER-INVEST PROJECTS AMOUNTED TO 29% AND 26% OF SALES IN SQM AND MONETARY TERMS, RESPECTIVELY

2Q 2019 NEW CONTRACT SALES BY PROJECT  
sqm



2Q 2020 NEW CONTRACT SALES BY PROJECT  
sqm<sup>(1)</sup>



- Galactica remains the largest project in terms of new contract sales
- Project on Chernigovskaya Street reached 7% of total sales
- The share of business class projects reached 23% and 35% in sqm and monetary terms, respectively
- New contract sales in St Petersburg and Moscow respectively amounted to 51% and 49% in sqm terms, and 50% and 50% in monetary terms

Source: Company data; percentages may not add up due to rounding.

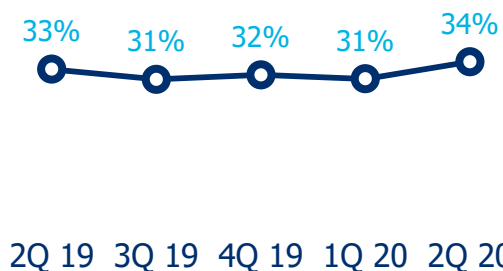
<sup>(1)</sup> Share calculated based on all sales. Land plots for sales are not included in the chart and the total may not add up to 100%.

# REGIONAL SALES PERFORMANCE



NATIONWIDE SALES & MARKETING NETWORK SUPPORTS SUSTAINABLE CONTRACT SALES FOR ETALON GROUP PROJECTS

## SHARE OF REGIONAL BUYERS



## ETALON GROUP'S REGIONAL SALES GEOGRAPHY<sup>(1)</sup> <sup>(2)</sup>

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	4.4%
Yamalo-Nenets AD	3.0%
Agin-Buryat	1.6%
Sakhalin region	1.3%
Bashkortostan Republic	1.2%
Krasnodar Krai	1.0%
Kamchatskiy krai	0.9%
Krasnoyarsk Krai	0.9%
Arkhangelsk region	0.9%
Other Russian regions	18.4%
Foreigners	0.4%
<b>TOTAL</b>	<b>34.0%</b>

<sup>(1)</sup> Company data for 2Q 2020  
<sup>(2)</sup> Including Leader-Invest sales

## REGIONAL POPULATION ACTIVELY BUYS APARTMENTS IN MOSCOW AND ST PETERSBURG



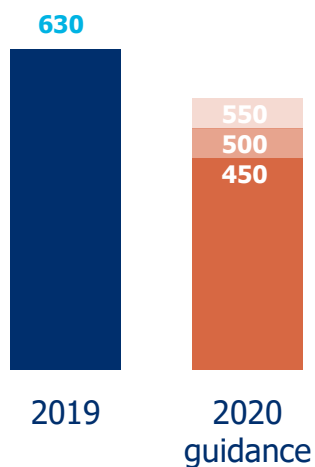
- Etalon Group's sales force focuses on regions with the highest per capita income levels
- Leader-Invest projects are now sold via Etalon Group's regional sales network
- Key markets: St Petersburg and Moscow
- 57 cities covered by 28 sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

# SALES GUIDANCE FOR 2020



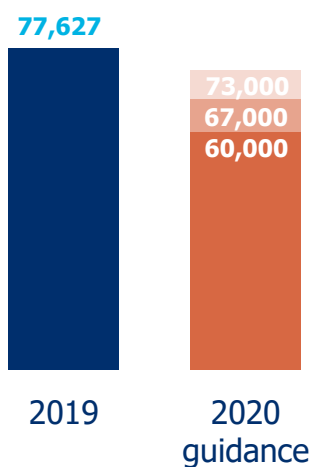
## NEW CONTRACT SALES

ths sqm



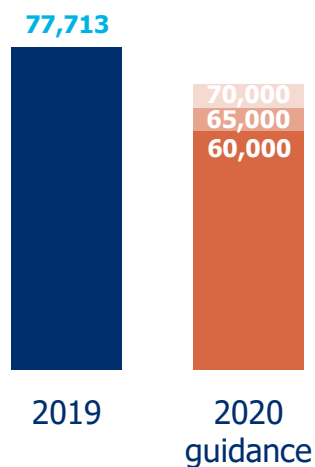
## NEW CONTRACT SALES

mln RUB



## TOTAL CASH COLLECTIONS<sup>(1)</sup>

mln RUB



■ Worst Case
 ■ Base Case
 ■ Best Case

## UPSIDE DRIVERS

- ✓ Current record low mortgage rates
- ✓ Central Bank key rate at historic low will have positive impact on mortgage dynamics
- ✓ Additional postponed demand from the period of COVID-19 lockdown
- ✓ Decreased supply on the market

## DOWNSIDE RISKS

- ✗ Fall in customers' real income levels
- ✗ Potential "second wave" of COVID-19 in late 2020
- ✗ Customers waiting for even better mortgage conditions

Source: Company data

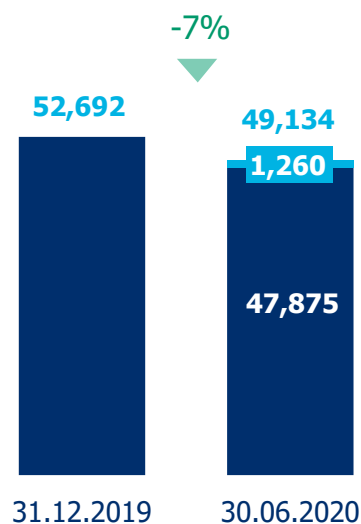
<sup>(1)</sup>Including cash on escrow accounts



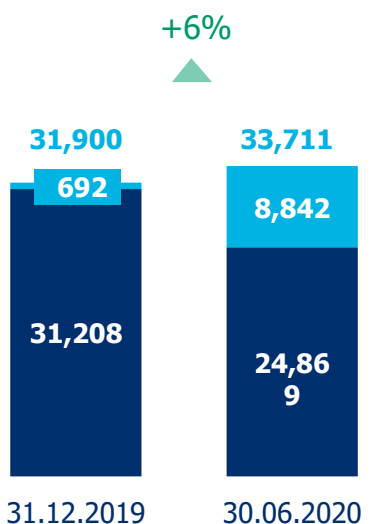
# MAINTAINING A STRONG BALANCE SHEET



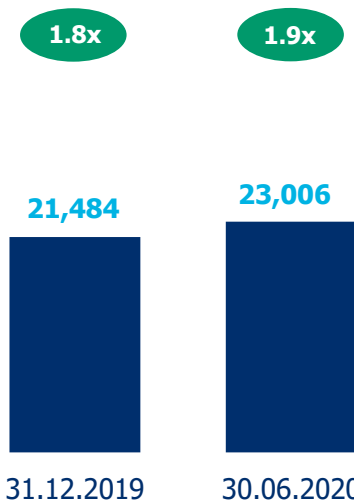
## TOTAL DEBT mln RUB



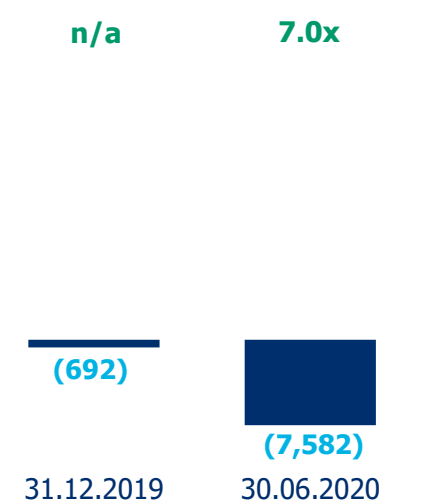
## CASH AND CASH EQUIVALENTS mln RUB



## NET CORPORATE DEBT<sup>(2)</sup> mln RUB



## NET PROJECT FINANCE DEBT (CASH)<sup>(3)</sup> mln RUB



Corporate debt, mln RUB

Project debt, mln RUB

Cash & cash equivalents<sup>(1)</sup>, mln RUB

Cash on escrow accounts, mln RUB

Net corporate debt, mln RUB

Net corporate debt/pre-PPA EBITDA

Net project debt, mln RUB

X.Xx Coverage ratio for project finance debt

- 100% of debt denominated in RUB
- Average cost of borrowings declined from 9.40% at the end of 2019 to **9.05% as of 30.06.2020**
- Project finance loans are sufficiently covered to receive preferential rates of 3%-4%

Source: management accounts as of 30.06.2020

<sup>(1)</sup>Including bank deposits over 3 months; excluding cash collections in escrow accounts

<sup>(2)</sup>Excluding project finance loans and cash on escrow accounts

<sup>(3)</sup>Project finance debt less cash on escrow accounts

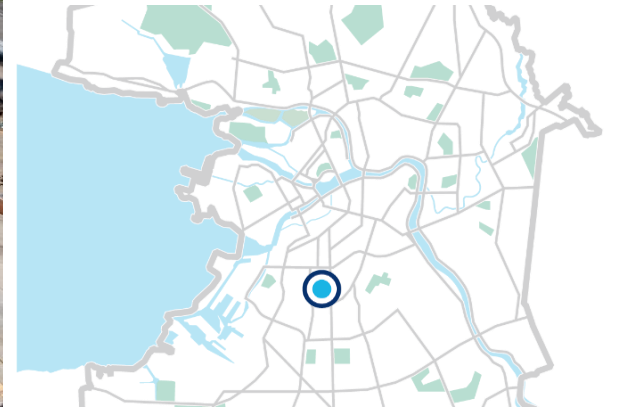
# SELECTED PROJECTS





JUNE 2020

DECEMBER 2019



Total NSA  
814 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 18,330 mln

Income from sales<sup>(1)</sup>  
RUB 75,075 mln

St Petersburg

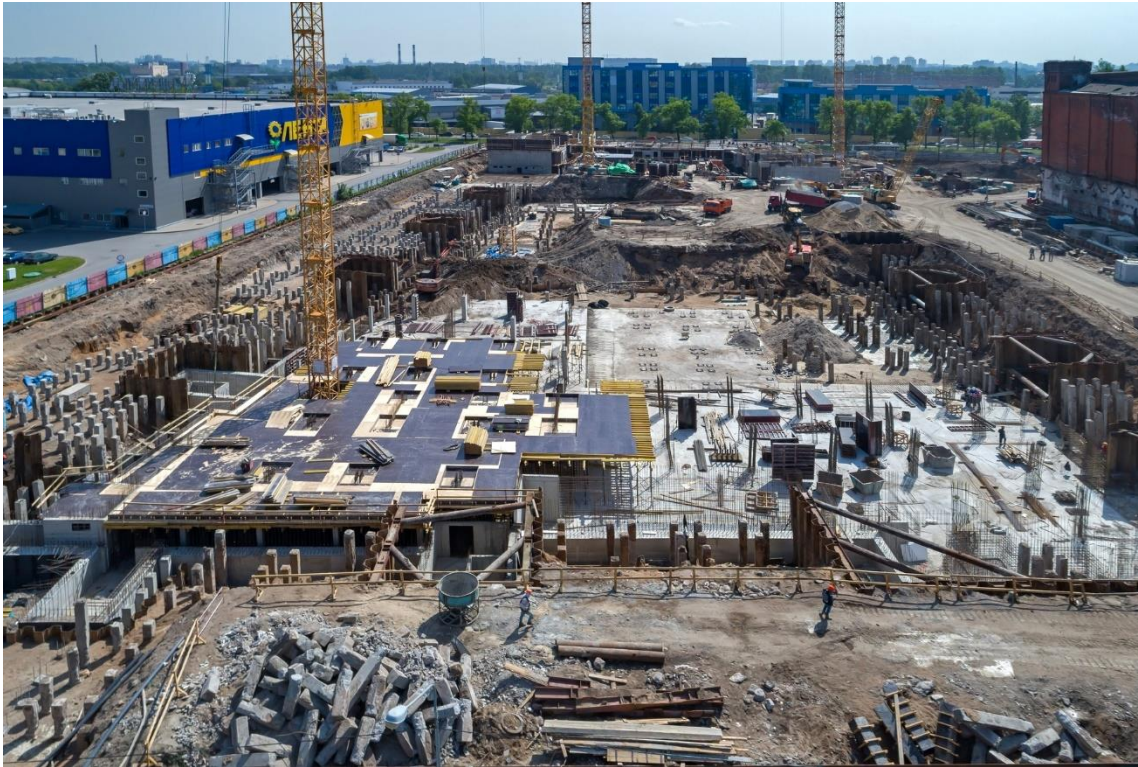
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# PROJECT ON CHERNIGOVSKAYA STREET

JUNE 2020

VISUALISATION



Total NSA  
136 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 5,411 mln

Income from sales<sup>(1)</sup>  
RUB 17,453 mln

St Petersburg

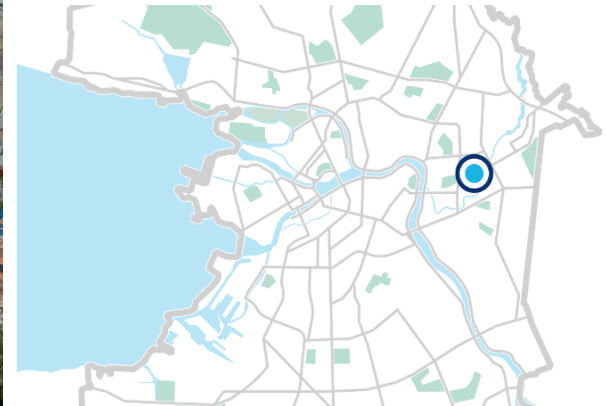
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# OKHTA HOUSE

JUNE 2020

DECEMBER 2019



Total NSA  
130 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 5,820 mln

Income from sales<sup>(1)</sup>  
RUB 12,973 mln

St Petersburg

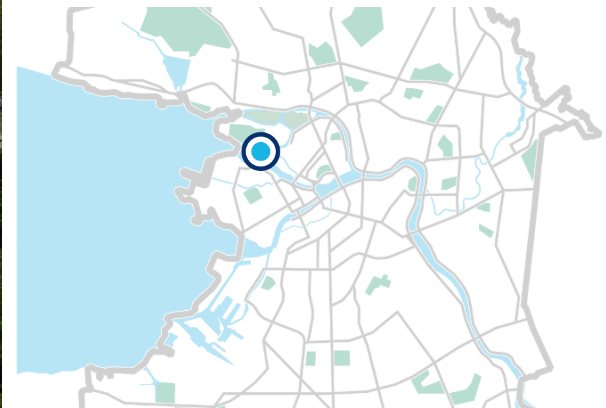
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# PETROVSKIY LANDMARK

JUNE 2020

DECEMBER 2019



Total NSA  
89 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 5,053 mln

Income from sales<sup>(1)</sup>  
RUB 14,744 mln

St Petersburg

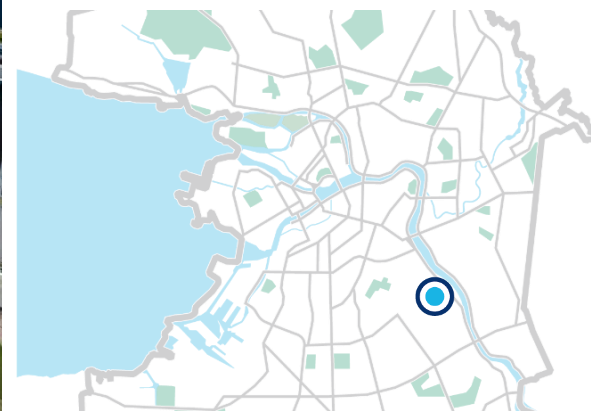
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# ETALON ON THE NEVA

JUNE 2020

DECEMBER 2019



Total NSA  
77 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,522 mln

Income from sales<sup>(1)</sup>  
RUB 8,483 mln

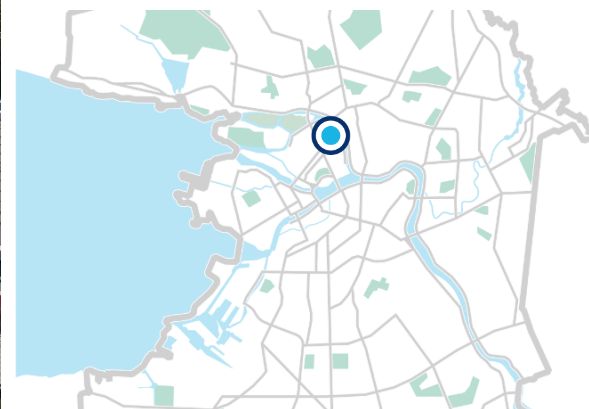
St Petersburg

<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



JUNE 2020

DECEMBER 2019



Total NSA  
47 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 2,743 mln

Income from sales<sup>(1)</sup>  
RUB 7,033 mln

St Petersburg

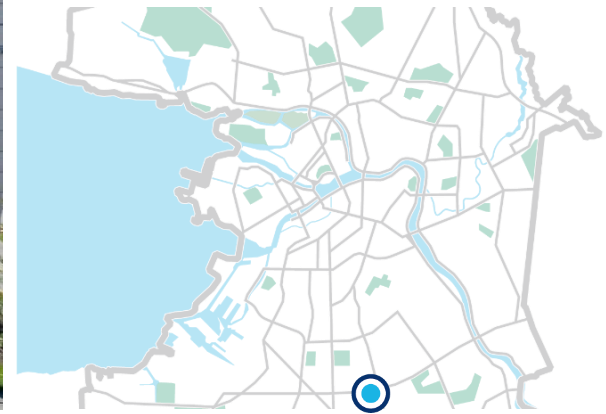
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# HOUSE ON KOSMONAVTOV

JUNE 2020

DECEMBER 2019



Total NSA  
27 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 938 mln

Income from sales<sup>(1)</sup>  
RUB 2,475 mln

St Petersburg

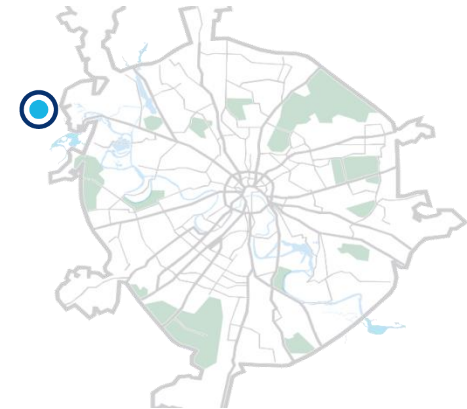
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# EMERALD HILLS

JUNE 2020

DECEMBER 2019



Total NSA  
847 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 4,975 mln

Income from sales<sup>(1)</sup>  
RUB 60,118 mln

Moscow region

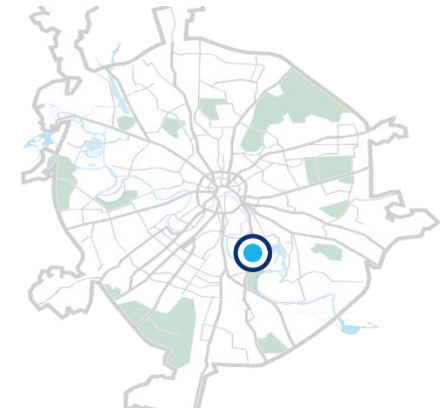
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# NAGATINO I-LAND

JUNE 2020

VISUALISATION



Total NSA  
472 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 18,134 mln

Income from sales<sup>(1)</sup>  
RUB 68,803 mln

Moscow

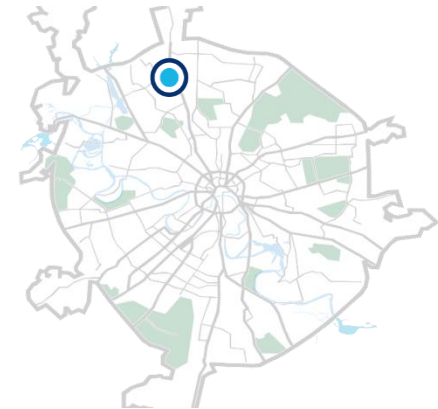
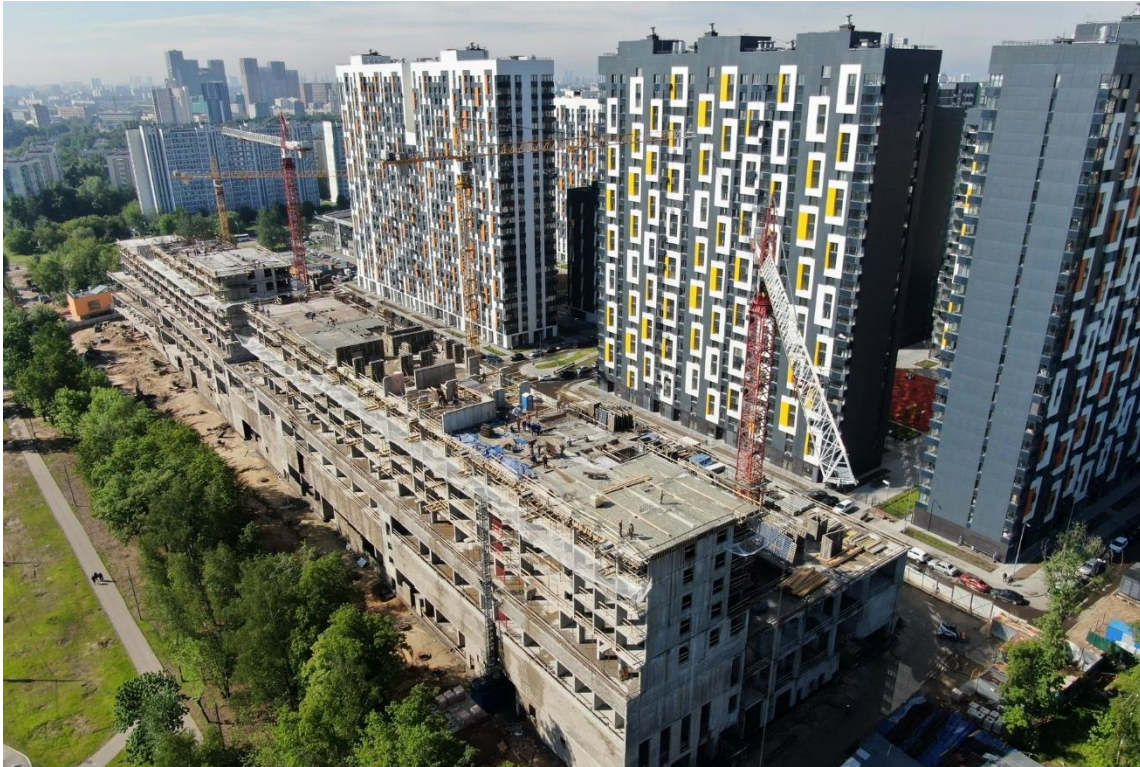
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# SUMMER GARDEN

JUNE 2020

DECEMBER 2019



Total NSA  
293 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,671 mln

Income from sales<sup>(1)</sup>  
RUB 31,717 mln

Moscow

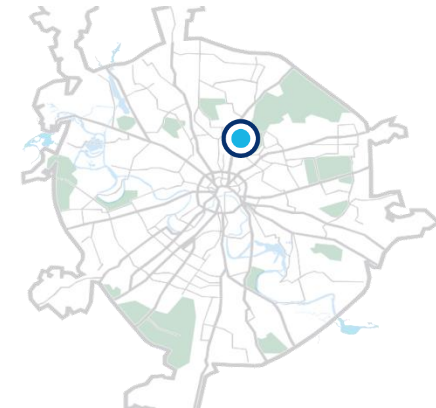
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# SILVER FOUNTAIN

JUNE 2020

DECEMBER 2019



Total NSA  
226 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 13,174 mln

Income from sales<sup>(1)</sup>  
RUB 39,056 mln

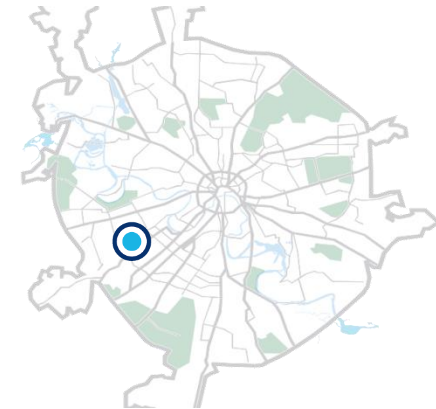
Moscow

<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



JUNE 2020

DECEMBER 2019



Total NSA  
187 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 9,828 mln

Income from sales<sup>(1)</sup>  
RUB 30,449 mln

Moscow

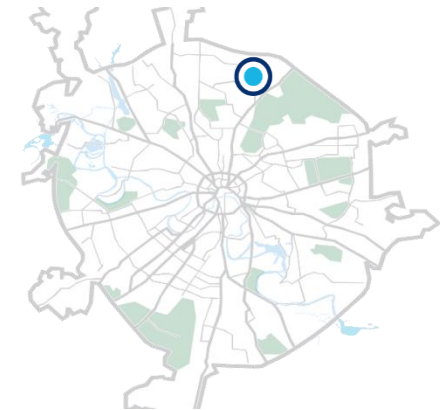
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# NORMANDY

JUNE 2020

DECEMBER 2019



Total NSA  
124 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,968 mln

Income from sales<sup>(1)</sup>  
RUB 16,671 mln

Moscow

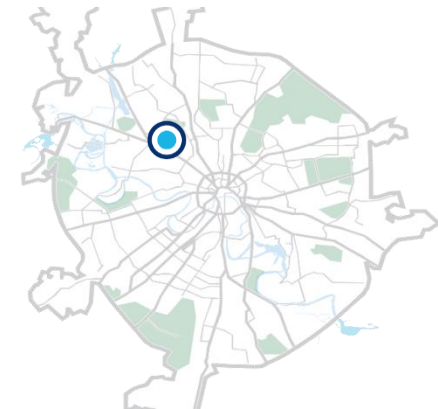
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# SCHASTYE NA SOKOLE

JUNE 2020

DECEMBER 2019



Total NSA  
8 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 359 mln

Income from sales<sup>(1)</sup>  
RUB 1,925 mln

Moscow

<sup>(1)</sup> Colliers International estimate as of 31.12.2019.

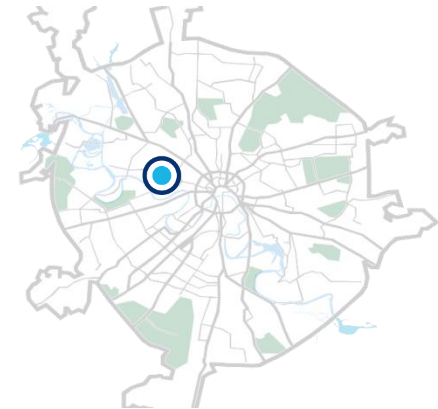


# SCHASTYE NA PRESNE



JUNE 2020

DECEMBER 2019



Total NSA  
6 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 90 mln

Income from sales<sup>(1)</sup>  
RUB 1,626 mln

Moscow

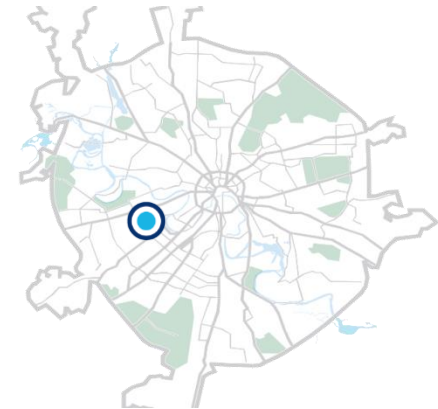
<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# SCHASTYE NA LOMONOSOVSKOM

JUNE 2020

VISUALISATION



Total NSA  
6 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 844 mln

Income from sales<sup>(1)</sup>  
RUB 1,854 mln

Moscow

<sup>(1)</sup> Colliers International estimate as of 31.12.2019.



# 1H AND 2Q 2020 OPERATING RESULTS

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